

FY 19/20 Budget Narrative
Budget Assumptions
~~May 7~~June 11, 2019

Mission

Our students will make a better world.

Vision

Every student will be a resourceful, resilient, ~~responsible~~responsible, and engaged world citizen.

Executive Summary

The Pleasanton Unified School District's Strategic Plan places Curriculum and Instruction, Learning Environment, Personal Growth, and Fiscal Stewardship at the forefront of all decision making. As part of the Strategic Plan, the Board of Trustees and the Administration will "Ensure fiscal health through investing in today while planning for tomorrow" and will make choices where "Students will be central to all fiscal decisions".

The District addresses the needs of students while also embracing partnerships with faculty, classified staff, management, families, businesses, and the community at large. As part of these collaborative efforts, the District operates fifteen school sites that serve approximately fifteen thousand students. The District's operating budget includes approximately \$170 M with 85% of District expenditures allocated to district personnel. The District receives revenue from Federal, State, and Local sources with approximately 78% the revenue generated by the Local Control Funding Formula (LCFF) / Property Tax.

As part of its efforts to ensure fiscal health, the District maintains the required 3% minimum reserve in the current year and multi-year projections. However, this 3% is barely adequate and only covers about eight days of payroll for all staff. The District would like to strengthen its financial stability by increasing this reserve from the legally required 3% to 9%. In collaboration with our partners, the Administration ~~would like to~~ may accomplish this over a period of years by setting aside up to 20% of the undesignated reserve at year-end close. Board Policy 3100 and Administrative Regulation 3100 provide detail associated with this goal.

A. Overview

This Preliminary Budget Assumption document begins with the current FY 18/19 year, and updates figures for FY 19/20 and the multi-year projections, where appropriate. On January 10, 2019, the Governor released his Fiscal Year (FY) 19/20 Budget Proposal. The Pleasanton Unified School District (PUSD) staff incorporated changes from the Governor's proposal into these assumptions for the Second Interim reporting to reflect the impact on the multi-year projections. The PUSD Budget gap-funding rate is now 100% fully funded. This means that all future increases to revenue will be only from the Cost of Living Adjustment (COLA).

B. Enrollment and Average Daily Attendance (ADA)

1. FY~~18/19~~19/20 projected ADA is 14,~~574~~616, an increase of ~~178~~147 over ~~FY17FY18/1819~~. The ~~FY17FY18/198~~ actual ADA was 14,~~396~~469. The Local Control Funding Formula (LCFF) is calculated on ~~FY18FY19/2019~~ estimated P2 ADA of 14,~~574~~616. The District assumes a 97% ratio of ADA to enrollment based upon historical trends.
2. The District has updated the enrollment projections using a combination of factors including analysis of current enrollment from the California Basic Educational Data System (CBEDS), the actual Period 1 (P1) enrollment and attendance calculations, and the latest projections in demographic study from Davis Demographics.

Average Daily Attendance					
	FY17/18	FY18/19	FY19/20	FY20/21	FY 21/22
Grades	Actual	Projected	Projected	Projected	Projected
Grades TK-3	3,878	3,956	3,995	4,044	4,044
Grades 4-6	3,276	3,234	3,314	3,403	3,403
Grades 7-8	2,461	2,427	2,430	2,451	2,451
Grades 9-12	4,781	4,853	4,878	4,865	4,865
Total	14,396	14,469	14,617	14,763	14,763

C. Revenues

Local Control Funding Formula (LCFF)

In FY18/19, the LCFF formula is fully funded with the statutory COLA of 2.71%. An augmentation of .99% brings the funded COLA to 3.70%. The FY 18/19 Approved Budget Act authorizes this additional funding. The current COLA for 19/20 is estimated to be 3.26%. This is a modest decrease from the Governor's budget estimate of 3.46%

In addition, with LCFF being fully funded, and the Funding Gap at 100%, this means that all future LCFF revenue increases are at the COLA percentage rate only.

3. FY~~18/19~~19/20 statutory COLA is ~~2.71~~3.26%.
4. FY~~18/19~~19/20 LCFF Funded COLA is ~~3.70~~3.26%.
5. FY~~18/19~~Gap 9/20 Funding Percentage is 100%.

6. The table below shows the Base Grants, Grade Span Adjustment, and Supplement Grant per ADA at full implementation of the LCFF in FY ~~18/19~~19/20.

As previously noted, the District applies 97% to the enrollment to calculate the ADA. This percentage is based on actual historical trends.

Entitlement Factors				
	FY18/19	FY19/20	FY20/21	FY21/22
District Projected Enrollment	14,979	15,069	15,219	15,219
District Projected ADA	14,574	14,623	14,647	14,647
COLA	3.70%	3.26%	3.00%	2.80%
Unduplicated as % of Enrollment	16.01%	17.18%	17.89%	17.89%
K-3	\$ 7,459	\$ 7,702	\$ 7,933	\$ 8,155
4-6	\$ 7,571	\$ 7,818	\$ 8,052	\$ 8,278
7-8	\$ 7,796	\$ 8,050	\$ 8,292	\$ 8,524
9-12	\$ 9,034	\$ 9,329	\$ 9,608	\$ 9,877
K-3 Grade Span Adjustment	\$ 776	\$ 801	\$ 825	\$ 848
9-12 Grade Span Adjustment	\$ 235	\$ 243	\$ 250	\$ 257
Supplemental Grants	20%	20%	20%	20%
Gap Funding Percentage	100.00%	100.00%	100.00%	100.00%

7. PUSD's FY~~18/19~~19/20 student population of English Learners (EL), socio-economically disadvantaged, foster youth, and homeless or unduplicated count is approximately 16%. The District receives the Supplemental Grant, an additional 20% of the base grant, to serve this student population. The District does not qualify for additional Concentration Grant Funds. In order to qualify for concentration funds, this population of students must be at 55% or higher. In the 2018-19 year, this population is estimated at 16%, or approximately 2,400 students.

The tables below shows the funding levels for this student population and amounts expended.

Unduplicated Student Population				
Fiscal Year	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Unduplicated Student Percentage	13.52%	14.69%	16.01%	17.18%
Estimated Funding Levels	3,078,510	3,406,779	3,902,859	4,333,826

The following table provides the actual Supplemental Grant Funding received, and the actual amounts spent for the prior four years.

Supplemental Grant Funding				
	14/15	15/16	16/17	17/18
Grant Amount	2,766,838	2,916,958	3,078,103	3,406,435
Expended per QSS*	1,134,910	2,201,742	3,036,750	2,504,245
Unspent Funding	1,631,928	715,216	41,353	902,190

Special Education

8. PUSD receives Special Education funding through the Tri-Valley SELPA (Special Education Local Plan Area). The SELPA distributes funding to member districts based upon the AB 602 formula. For FY18/19 the COLA for State AB 602 funding is at the statutory COLA of 2.71%.

Other State

9. The estimated Lottery income is \$204 per annual ADA. There is \$151 for unrestricted projects and \$53 for restricted instructional materials per Proposition 20.
10. The PUSD will select the Mandated Cost Block Grant (MBG), which provides an allocation per grade level using ADA. By opting into the MBG, the District is not eligible to submit claims to the State Controller for reimbursement for any costs of any state mandates included in the statutes and executive orders identified in Government Code Section 17581.6. The current rate for Grades TK-8 is \$~~31-32~~ per ADA and for Grades 9-12 is \$~~59-62~~ per ADA.
11. The one-time funding or discretionary funding in FY18/19 to pay prior-year mandate claims is at \$184 per ADA or \$3.6M for PUSD. The one-time funds may be used to support content standards implementation, technology, professional development, induction programs for beginning teachers, deferred maintenance, and district discretionary items. PUSD does not designate these funds for a particular program and this funding becomes part of general fund revenue. There is no one-time funding purposed in the Governor's FY 19/20 proposed budget.

Federal

12. There are no significant increases on Federal funds including Special Education. Some of the Federal funds the District receives are:
 1. Title I to support our economically disadvantaged students,
 2. Title II is used for professional development, and
 3. Title III supplements our English Learners (EL) program.

D. Expenditures and Transfers

Salaries and Benefits

13. Salaries have been increased by 2.5%. The corresponding statutory benefit amounts for CSEA, APT, and Management Staff have also been increased.
14. An increase of 5 FTE teaching positions for enrollment growth has been added to the current year budget and these positions continue into the multi-year projection. Previously, when enrollment was maintained flat, the FTE were also kept flat. Now that our enrollment projections provide for growth, we are also increasing FTE.
15. Workers' Compensation rate in FY19/20 is 2.88%, a decrease of 0.13% or \$63K. The decrease is based on a formula that includes actual from the prior 3 years.
16. The FY18/19 Budget and multi-year projections will include:
 - a. Step and longevity increase of approximately \$1.6M
 - b. Retiree health benefits for current retirees are approximately \$825K. The District pays these benefits for retirees who qualify until they reach age 65.
 - c. Health benefit costs are the responsibility of employees. However, for APT and Management employees the District contributes \$136.00 towards Minimum Essential Coverage (MEC). For full time CSEA staff, medical premiums are offset with a supplemental benefit allowance of \$9,417 that is prorated by FTE.

The District pays statutory benefits on earned compensation. The STRS rates have been updated based upon the Governor's proposal. The following table provides the PUSD's statutory benefit rates. There is an additional ongoing expense of \$700K to the District's budget if the Governor's STRS proposal should not pass.

	Statutory Benefit Rates				
	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
STRS	16.28%	16.70%	18.10%	17.800%	17.800%
PERS	18.06%	20.73%	23.60%	24.900%	25.700%
OASDI	6.20%	6.20%	6.20%	6.20%	6.20%
MMC (Medicare)	1.45%	1.45%	1.45%	1.45%	1.45%
UI (Unemployment Insurance)	0.05%	0.05%	0.05%	0.05%	0.05%
WC (Worker's Comp)	3.01%	2.88%	2.88%	2.88%	2.88%
Certificated (Total)	20.79%	21.08%	22.48%	22.180%	22.180%
Classified (Total)	28.77%	31.31%	34.18%	35.480%	36.280%

The District's costs for retirement benefits for both the California State Teachers' Retirement (CalSTRS) and the California Public Employees' Retirement System (CalPERS) are projected to increase significantly over the next several years. In FY18/19, the rate for the CalSTRS is 16.28% and the CalPERS is 18.06%. The following table provides actual and projected statutory rates and costs for the District.

	STRS/PERS Costs			
	FY18/19 Projection	FY19/20 Projection	FY20/21 Projection	FY 21/22 Projection
STRS	13,983,685	\$ 14,771,758	\$ 15,989,392	16,231,630
Rate	16.28%	17.13%	18.10%	17.80%
PERS	3,447,649	\$ 4,093,988	\$ 4,774,753	5,209,122
Rate	18.06%	20.70%	23.40%	24.90%
Total	17,431,334	\$ 18,865,746	\$ 20,764,145	\$ 21,440,752

Other Expenditures and Transfers

17. The supplemental grant funding for FY18/19 is approximately \$3.9M to provide services to targeted students including socio-economically disadvantaged, foster youth, and English learners. In FY19/20 this grant estimated to be \$4.3M
18. The contribution for the Special Education program is ~~\$15.5~~\$16.2M.
19. E.C. 17070.75(b) (2) (C), requires a minimum amount to be deposited into the Routine Restricted Maintenance Account (RRMA). For FY18/19, the required contribution is the amount that was deposited in FY14/15 or \$3.2M. In subsequent years, the required amount is 3% of total unrestricted and restricted General Fund expenses. The following table provides the budgeted RRMA amounts.

Routine Restricted Maintenance Account				
	FY 18/19	FY 19/20	FY20/21	FY21/22
Required Contribution	FY 14/15 Amount	3% of GF	3% of GF	3% of GF
Required Amount	\$ 3,273,657	\$ 5,079,208	\$ 5,142,319	\$ 5,256,147
Current Budget	\$ 3,400,000	\$ 5,079,208	\$ 5,142,319	\$ 5,256,147

20. Historically, the Sale of Property (SOP) interest income was transferred to the General Fund for technology. As previously stated, the District will continue this practice and transfer the interest income of approximately \$50K to the General Fund from the SOP Fund, as long as this fund exists.

21. The District no longer receives Deferred Maintenance funds and therefore will annually transfer \$700K from LCFF revenue to the Deferred Maintenance Fund.

22. The PUSD is a member district in the Tri-Valley Regional Occupational Program (ROP). The mission of the ROP is to provide an environment of continuous program improvement, responsive to the changing needs of students, employers, and industry. In FY18/19 PUSD will transfer \$1.3M to the ROP for their programs.

23. The District will continue to transfer \$674K from the General Fund to the Special Reserve Fund for Other than Capital Outlay Projects for Other Post-Employment Benefits (OPEB)

~~23.-~~

24. The District has budgeted to for the increase the substitute rate from \$130 per day to \$155 per day for short-term substitutes and to \$155 per day and to \$175 per day for long term substitutes.

25. The District has added Additional staffing changes as follows:

A. 1 FTE Add Coordinator to the Food Service Department to be funded with Fund 13 Department Funds.

B. 1 FTE Add Lead position for Maintenance and Operations position to funded by with Restricted Routine Maintenance funds.

C. 1 FTE Add Coordinator of Special Projects to be funded by with LCAP funds.

D. 3 FTE Add three Vice-Principals to the Elementary sites to be funded with existing funds resulting in no general fund increase to the budget.

—Add 2 FTE two Coordinators for High School Operations to be funded with a variety of funds sources

~~A. PBIS revenue and costs eliminated in FY 20/21~~

26. PBIS revenue and costs expenditures eliminated in FY 20/21

27. Reduction of \$411K for TVTIP in FY 20/21.

E. Other Funds

Special Education Pass-Through Fund (Fund 10)

The PUSD is the Administrative Unit (AU) of the Tri-Valley Special Education Local Plan Area (SELPA). Funds of approximately \$16.6M are pass-through revenues with offsetting transfers to school districts within the SELPA.

Adult Education (Fund 11)

Board approved amounts for the salaries and benefits are included. In addition, changes to other revenue and expenses based upon current conditions are included in these projections. The ending balance is projected to be \$79,099,60,719.

Cafeteria Special Reserve Fund (Fund 13)

Board approved amounts for the salaries and benefits are included. In addition, changes to other revenue and expenses based upon current conditions are included in these projections. The ending balance is projected to be \$886,000,60,214.

Deferred Maintenance (Fund 14)

A transfer of \$700K from the General Fund to fund major repairs of facilities and replacement of facilities components under the 5-year Deferred Maintenance Plan that is prepared by the District. The ending balance is projected to be \$1,182,512. However, projects planned for this summer will reduce this figure approximately by ~~\$800K~~\$559,255.

Special Reserve for Other than Capital Outlay Projects (Fund 17)

The District will continue to transfer funds ~~from~~ the General Fund to the following:

~~24-28.~~ \$674K for Other Post Employment Benefits (OPEB). The estimated ending balance is \$6,550,137.

~~25-29.~~ \$500K for the shift to CalPERS for medical insurance for the Association of Pleasanton Teachers (APT). The estimated ending balance is \$1,018,426.

~~26-30.~~ \$29K for the shift to CalPERS for medical insurance for the Management/Confidential group. The estimated ending balance is \$6,651.

The District will continue to transfer funds ~~to~~ the General Fund, for the following:

~~27-31.~~ The \$75K ~~that previously came~~ from the Pleasanton Schools Educational Enrichment (PSEE) Foundation known as "PSEE Gift" to fund a portion of the Band/Strings Teacher positions at the elementary ~~schools~~schools will now come from District sources. -The District plans to assume full funding in FY19/20, and in the MYP.

~~28-32.~~ \$375K to cover the actual cost of the shift to CalPERS for medical insurance for the APT

~~29-33.~~ \$45K to cover the actual cost of the shift to CalPERS for medical insurance for the Management/Confidential group.

Building Fund (Fund 21)

This fund is where the District records activity related to Measure I1. This is a local bond measure that Pleasanton residents passed in November 2016, and directly supports PUSD. It will provide for safety improvements and modernizations to support a 21st-century education and to help address overcrowding in our classrooms. Currently, 3.9 FTE are funded with Measure I1 because they work directly on Measure I1 projects.

Capital Facilities (Fund 25)

The District is projecting \$1.2M in developer fees. On the expenditure side, the District will budget \$200K in capital leases and \$761K in debt service. The ending balance is projected to be ~~\$3,692,483~~\$3,566,345.

County Schools Facilities Fund (Fund 35)

This fund is established to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State School Facilities Fund (Proposition 1D). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998.

Bond Interest and Redemption Fund (Fund 51)

This fund is used for the repayment of bonds issued for an LEA (*Education Code* sections 15125–15262). The ending balance is projected to be \$15,614,~~614~~612.

Capital Outlay Fund (Fund 40)

Capital outlay expenses that were originally set aside for Certificate of Participations (COP'S) are kept in this fund. The ending balance is projected to be \$~~5,058,971~~5,132,971. The final payment of \$785,200 for the COP's is scheduled to be paid in August 1, 2019 from these funds.

Sale of Property (Sycamore Fund) (Fund 41)

An estimated rate of 2.40% is projected for interest income on funds deposited with the Local Agency Investment Fund (LAIF). The ending balance is projected to be \$7,177,080.

Other Enterprise – Child Development (Kids Club) (Fund 63)

Board approved amounts for the salaries and benefits are included. In addition, changes to other revenue and expenses based upon current needs are included in these projections. The ending balance is projected to be \$~~1,625,031~~1,456,966.

F. Site Allocations

Annually, the District allocates a per student allocation to each school site. The final allocation is based on that year's CBEDs. The per student allocation for FY18/19 and prior year carryover, are highlighted in the table below.

School Site Discretionary Allocations		
Schools	2018-19 Per Student Allocation	2017-18 Carryover/Prior Year Carryover
Elementary Schools	\$ 35.45	\$ 98,809
Middle Schools	\$ 53.17	\$ 157,119
High Schools	\$ 76.84	\$ 111,488

In addition to the above noted allocations, the District also provides an allocation for music/band and athletics.

Based on the prior four-year carryover amounts for each school, the District is analyzing the 2019-20 discretionary allocation amounts to ensure that the carryover amounts are minimized and funds are used annually.

The school site allocations for FY19/20 are in the table below.

School Site Discretionary Allocations		
Schools	2019-20 Per Student Allocation	Total Estimated Allocation
Elementary Schools	\$ 35.00	\$ 218,820
Middle Schools	\$ 45.00	\$ 163,755
High Schools	\$ 59.00	\$ 295,295

Current year school site staffing is as follows:

Pleasanton Unified Current Staffing for FY 18/19										
Site	Principal	VP	Counselors	Secretaries	Office Staff	Noon-Duty	Campus Supervisors	Health Clerks	Nurses*	Custodians
ALISAL	1.0	0.8	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
DONLON	1.0	1.0	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
FAIRLANDS	1.0	0.8	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.0
HEARST	1.0	0.4	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
LYDIKSEN	1.0	1.0	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
MOHR	1.0	0.4	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
VALLEY VIEW	1.0	0.6	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.25
VINTAGE HILLS	1.0	0.4	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.25
WALNUT GROVE	1.0	0.6	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		1.5
HART	1.0	2.0	2.6	1.0	2.0	16 Hrs. for 180 Days		0.625		4.0
HARVEST PARK	1.0	2.0	2.8	1.0	2.5	16 Hrs. for 180 Days		0.500		4.0
PMS	1.0	2.5	2.8	1.0	3.5	16 Hrs. for 180 Days		0.522		4.0
AMADOR VALLEY	1.0	4	7.6	1.0	6.5		2.50	0.875		8.5
FOOTHILL	1.0	3	6.3	1.0	4.5		2.25	0.875		8.5
VILLAGE	1.0	0.5	1.1	1.0	1.0			0.03		
Districtwide	15.0	20.0	27.7	15.0	29.0		4.8	6.8	3	49.5

As noted in the table above, the District currently employs 6.0 FTE Vice Principals at the elementary school level. The District has identified existing funding to increase the number from 6.0 FTE to 9.0 FTE in order for each elementary school to have 1.0 FTE Vice Principal beginning in 2019-20.

Pleasanton Unified Current Staffing for FY 19/20										
Site	Principal	VP	Counselors	Secretaries	Office Staff	Noon-Duty	Campus Supervisors	Health Clerks	Nurses	Custodians
ALISAL	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
DONLON	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
FAIRLANDS	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.0
HEARST	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
LYDIKSEN	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
MOHR	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.5
VALLEY VIEW	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.25
VINTAGE HILLS	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		2.25
WALNUT GROVE	1.0	1.00	0.5	1.0	1.0	9.5 Hrs. for 180 Days		0.375		1.5
HART	1.0	2.0	2.6	1.0	2.0	16 Hrs. for 180 Days		0.625		4.0
HARVEST PARK	1.0	2.0	2.8	1.0	2.5	16 Hrs. for 180 Days		0.500		4.0
PMS	1.0	2.5	2.8	1.0	3.5	16 Hrs. for 180 Days		0.522		4.0
AMADOR VALLEY	1.0	4	7.6	1.0	6.5		2.5	0.875		8.5
FOOTHILL	1.0	3	6.3	1.0	4.5		2.25	0.875		8.5
VILLAGE	1.0	0.5	1.1	1.0	1.0			0.03		
District Wide	15.0	23.0	27.7	15.0	29.0	0.0	4.8	6.8	3.0	49.5

G. Elementary School #10

Beginning in 2021-2022, the District will need to include unrestricted general fund funding for general planning resource requirements for the opening of Elementary School #10 (ES10). Beginning in 2022-23, the

Administration will add approximately \$1 M in unrestricted general fund expenditures for the administrative costs associated with ES10.

H. Summary

These assumptions provide guidance to the Board of Trustees (BOT), Superintendent, Cabinet members, and staff to set priorities and allocate limited financial resources. The Administration will use these assumptions to begin building FY19/20 Budget Assumptions to build the budget.