



2026-27 Proposed Budget Reductions

Board Information Item on Budget Subcommittee recommendations

OVERVIEW

Introduction: Collaborative Budget Planning



Collaborative Development

Budget Advisory Subcommittee was developed and approved by the PGUSD Board



Strategic Alignment

Goals include aligning resources with strategic priorities while ensuring long-term fiscal responsibility and sustainability



Today's Focus

Comprehensive overview of proposed reductions, their rationale, and anticipated impacts

Budget Subcommittee Focus Areas

The Budget Advisory Subcommittee did a thorough analysis to understand the various pressures impacting our district's financial health. This comprehensive review identified key areas critical for achieving long-term fiscal stability and effective resource allocation.



Restricted Program Encroachment

Addressing how restricted programs often require additional unrestricted general fund (UGF) support, impacting overall budget flexibility



Position Control & Enrollment

Ensuring that staffing levels are optimally aligned with current and projected student enrollment



Funding Source Transitions

Evaluating positions that have and may move from temporary grant-based or categorical funding to requiring ongoing general fund support



Program Specific Contributions

Identifying areas when contributions from the General Fund may be reduced or revenue addressed

Review of Current Multi-Year Projection Fund 01

PGUSD has been **deficit spending for over 6 years** with no leveling of the reserves. If PGUSD continues down this path we are staring at low single digit reserves within this plus 3 subsequent years.

Note: the state requires a 3% reserve for economic uncertainty

Metric	2026-27 Projection <i>w/ 2% increase to salary & 0.5% increase to health and welfare</i>	2027-28 Projection <i>w/ step in column only</i>
Beginning Balance (combined)	\$5,171,212	\$3,159,938
Revenue	\$49,706,432	\$51,491,996
Expenditures	\$51,407,806	\$51,887,692
Deficit	(\$1,701,373) Unrestricted: (\$978,654) Restricted: (\$722,719)	(\$695,697) Unrestricted: (\$684,742) Restricted: (\$10,955)
Ending Fund Balance	\$3,159,938	\$2,464,243
Reserve Levels	5.6%	4.6%

 ***This multi-year projection highlights a continued declining trend in reserve levels and a warning to PGUSD of potential AB1200 Recievership***

Reviewed and recommended changes to: Restricted Program Encroachment on Unrestricted General Fund

Several restricted programs require substantial UGF support to maintain operations. Understanding these funding dependencies is critical for long-term budget planning.

Adult Education (Fund 11)

Evaluated the \$200,000 revenue limit transfer required annually due to changes in tuition revenue structure.

Early Childhood Education (Fund 12)

Evaluated contributions of \$117,912 projected for 2025-26, increasing to \$145,000 for 2026-27, and \$155,000 in 2027-28

Deferred Maintenance (Fund 14)

Evaluate the \$200,000 board-directed unrestricted contribution. *Historically, no dedicated funding source has existed for this critical infrastructure fund.*

Reviewed and recommended changes to: Position Control and Enrollment Alignment

PGUSD position control analysis focuses on three (3) critical components:

- **Enrollment-Based Alignment:** Matching site staffing levels with current and projected enrollment
- **Funding Source Transitions:** Addressing positions that shifted from temporary one-time resources to ongoing General Fund obligations
- **Contractual Compliance:** Ensuring all staffing decisions comply with PGTA class size ratios

Enrollment-Based Staffing

Aligning FTE allocations with actual student enrollment across all sites to optimize resource distribution

Funding Source Transitions

Address positions moved from temporary funding to Unrestricted General Fund 0000, including Special Education RS 6500

Contractual Compliance

Maintaining adherence to PGTA CBA class size ratios



Reviewed and recommended changes to: Beginning Teacher Induction Program

Current Funding Challenge

\$22,484 UGF contribution currently supporting the Beginning Teacher Induction Program.

Proposed Solution

Shift funding to new resource 6019, a block grant specifically designed to support curriculum and instruction initiatives.

Reviewed and recommended changes to: Program-Specific UGF Contributions

GATE Program

Once solely grant-supported, now requires \$6,192 UGF contribution to maintain operations.

AVID Program

Previously funded through Chapman and Yellow Brick Road grants, now requires:

- \$59,000 for conferences, field trip buses, and membership
- \$133,681 for permanent positions, benefits, and substitute costs

Outdoor Science Camp

\$28,000 UGF contribution needed after donations and tuition are fully expensed.

District Athletics

\$141,070 projected UGF contribution for travel, materials, league dues, and referee fees. Revenue increase options needed: PCAL cards, increased gate fees.

Discretionary Block Grant (Resource 6762) had supported \$120,000 annually for two years

Dual Enrollment

Ongoing discussion required.

Must negotiate stipend with PGTA as UGF has supported materials and supplies for DE courses due to Instructional Services Agreement covering stipend plus statutory.

Reviewed and recommended: Ongoing Reductions to the UGF

The Budget Subcommittee worked together with the Board, the Administration, CSEA and PGTA to consider budget reductions for 2026-27 that balances fiscal responsibility while maintaining focus on core instruction.

Key Principles:

1. Eliminate encroachment of restricted resources to the Unrestricted General Fund (UGF)
2. Maintain contractual compliance
3. Prioritize sustaining core curricular programs that drive student achievement
4. Adopt a balanced budget approach that may require reducing programs when supporting revenues are in decline



Protect Unrestricted Funds

Minimize encroachment from restricted resources to preserve flexibility in the Unrestricted General Fund



Honor Contractual Obligations

Ensure all reductions comply with existing agreements and collective bargaining requirements



Safeguard Core Programs

Preserve essential curricular programs that directly support student achievement and learning outcomes



Align Resources with Revenue

Balance the budget by adjusting programs when their supporting revenue stream

Reviewed all Prior Funding Source Transitions: Impact on Unrestricted General Fund

Several critical positions, initially supported by one-time restricted resources or temporary grants, have transitioned to ongoing obligations funded by the Unrestricted General Fund (UGF).

This shift directly contributes to the current structural deficit, as temporary funding sources have expired while the need for these roles remains.

FTE Analysis

1.0 FTE Elementary Intervention	Learning Recovery Emergency Block Grant	2024	\$167,486	Essential for a comprehensive tiered intervention program
2.0 FTE Mental Health Therapists	CARES ACT	2024	\$321,188	Addresses rising student behavioral needs and support for our students on IEP
Increase .50 and .50 FTE Elementary Counselors	Expanded Learning Opportunities Grant	2023	\$150,602	Essential for SEL support for all students
1.6 FTE Increase .2FTE for (8) Instructional Assistants	ESSER II	2023	\$86,464	Essential for enhanced differentiated instruction
.34375 FTE Instructional Assistant UPK	UPK Grant (RS6053)	2025	\$20,285	Essential for providing a more focused learning environment for our youngest learners

Summary of UGF Impact

The transition of these roles alone represents an annual UGF obligation of approximately **\$725,740 in the 2025-26 Fiscal Year**.

This example highlights a broader trend where positions initially funded by external or one-time restricted resources become essential for core operations.

2026-27 Budget Reductions - Option A

To address budget constraints, the following reductions are under consideration by the committee:



Personnel Reductions

- 1.0 FTE Digital Learning Teacher: **-\$152,174**
- 1.0 FTE Elementary Spanish Teacher: **-\$146,398**
- 1.0 FTE Elementary Teacher (Enrollment): **-\$146,398**
- 1.625 FTE Adult Transition Para (Enrollment): **-\$78,006**
- 1.0 FTE Community HS (Enrollment): **-\$121,378**
- 1.0 FTE District Librarian: **-\$165,221**



Change of Funding and Assignment

- 1.0 FTE Mental Health Therapist (MHT): \$174,268 shifted funding to MediCAL Reimbursement RS9021 Restricted/Duty Alignment



Operational Reductions

- Travel & Conference (20% reduction): **-\$23,271**
- Materials & Supplies (5% reduction): **-\$55,897**
- SRO Budget (100% reduction): **-\$90,000**
- [Elementary Summer School Program](#): **-\$65,836**
- Freeze on Fund 14 transfer: **-\$200,000**



Revenue & Program Adjustments

- Increase Athletics Revenue: **+\$30,000** (pursue Athletic Gate Fees)
- Shift GATE contribution to Site Funds (HS & MS): **+\$6,192**

Summary

Personnel: Ongoing UGF Relief: **-\$809,575** | Change of Funding to MediCal Revenue (Restricted): **-\$174,268**

Operational: Ongoing Fund 01 Relief: **-\$235,004** | Measured Relief: **-\$200,000**

Revenue & Program: Ongoing Fund 01 Relief: **+\$36,192**

Why Personnel Reductions Are Necessary?

1

The Fiscal Reality

**85% of All General Fund Combined Expenditures =
Salaries & Benefits**

Personnel is the only category large enough to
meaningfully reduce the deficit.

2

Key Challenge

Incremental adjustments are no longer sufficient.
Addressing this deficit requires **meaningful, difficult
action.**

Statewide Trends

A Statewide Financial Reset: We Are Not Alone

Districts across Monterey County and California are hitting a “fiscal cliff” due to declining enrollment and the end of federal relief funds.

Pajaro Valley USD: “Expected to spend nearly \$20 million more than it takes in.”

Los Angeles USD: Facing a multi-billion-dollar deficit tied to declining enrollment.”

San Francisco USD: Confronting deep budget cuts and structural deficits.”

Live Oak School District: Facing a “budget disaster and resulting layoffs.”



A Human-Centered Reset



Our Commitment

- Every position represents a valued person
- These decisions carry real human impact
- Our goal: **protect students, preserve core instruction, and stabilize finances**
- This is a **reset to core priorities** so we can rebuild in future years



Our Central Goal

Our central goal at the elementary level has been to **protect and prioritize core and necessary instruction and programs** - reading, writing, and mathematics - during the instructional day.

Proposed Personnel Reductions (1 of 2)

Instructional & Program Adjustments

1
 Digital Learning Teacher 1.0 FTE Reduction: -\$152,174 Tech Flex Labs remain open; tech skills model shifts Key message: Technology remains important—but core instruction must take priority, especially for younger learners.
2
 Elementary Spanish 1.0 FTE Reduction: -\$146,398 Removed from instructional day; Optional after-school enrichment Key message: Spanish is valuable, but it is not a required program. Instructional time will shift back to core academics.
3
 Elementary Staffing Adjustment 1.0 FTE Reduction: -\$146,398 Enrollment-based; Class sizes remain within norms Key message: This is a right-sizing adjustment, not an elimination of servicesP

Proposed Personnel Reductions (2 of 2)

Program Redesign & Support Adjustments

1
 Adult Transition Program Paraeducators 1.625 FTE Reduction: -\$78,006 Staffing aligned to declining enrollment; Required supports maintained Key message: This is an enrollment-aligned staffing adjustment, not a service reduction.
2
 Community High School Staffing 1.0 FTE Reduction: -\$121,378 Currently 2.4 FTE - Proposal to Reduce to 1.4 FTE Redesign model for current enrollment; Credit recovery and mentorship continue Key message: We are redesigning—not abandoning—the program.
3
 High School Library (Certificated → Classified) 1.0 FTE Reduction: -\$165,221 Reclassify to 0.75 FTE Library Media Technician Position has evolved over the years. Library stays open; Library Media Technician and Clerk (2 adults) will continue serving students and providing library during the instructional day Key message: Services continue. This is a cost-saving change that maintains access and supervision.

Why no District Office or Management?



Current Administrative Structure

PGUSD already operates with an efficient **administrative structure - single-person departments**.

External audits and district comparisons indicate:

- District Office is **operating with a compact team** - recommendations from 3 audits (safety, HR, communications)
- Increasing Demands due to **escalating compliance and reporting requirements**



Actions Already Taken

- Rolled back HR last year and froze multiple reclassifications (\$37,000 savings)
- Reduced planned administrative expansions
- 20% of Digital Learning Position serves to support District Office Technology Department: (**approx. \$31,000**)



Key Message

Further District Office cuts would risk **compliance failures, operational breakdowns, and reduced site support**

Change of Funding



Current Situation

- Currently two permanent MHTs (UGF Funded)
- One-year extension of the Elementary MHT:
\$174,268
- Temporary Medi-Cal Funded MHT
- No new General Fund obligation



Goal

Preserves student mental health services

What We Are Preserving?

Examples of Core Supports That Continue



**Reading
intervention at
each elementary
site**



**3 Mental Health
Therapists
districtwide**



**Full-time
counselors at all
schools**



Instructional aides



**Music (vocal &
instrumental)**



**Daily PE
(elementary)**



**Library access:
library media
technicians**



TK & Early learning



IT Techs at all sites including technology access for students and Flex/STEM labs

- ❑ **These programs continue because they are either required, deeply embedded in our instructional model, or essential to student development.**

2026-27 Budget Reductions - Option A

To address budget constraints, the following reductions are under consideration by the committee:



Personnel Reductions

- 1. 1.0 FTE Digital Learning Teacher: **-\$152,174**
- 2. 1.0 FTE Elementary Spanish Teacher: **-\$146,398**
- 3. 1.0 FTE Elementary Teacher (Enrollment): **-\$146,398**
- 4. 1.625 FTE Adult Transition Para (Enrollment): **-\$78,006**
- 5. 1.0 FTE Community HS (Enrollment): **-\$121,378**
- 6. 1.0 FTE District Librarian: **-\$165,221**



Change of Funding and Assignment

- 1. 1.0 FTE Mental Health Therapist (MHT): \$174,268 shifted funding to MediCAL Reimbursement RS9021 Restricted/Duty Alignment



Operational Reductions

- 1. Travel & Conference (20% reduction): **-\$23,271**
- 2. Materials & Supplies (5% reduction): **-\$55,897**
- 3. SRO Budget (100% reduction): **-\$90,000**
- 4. [Elementary Summer School Program](#): **-\$65,836**
- 5. Freeze on Fund 14 transfer: **-\$200,000**



Revenue & Program Adjustments

- 1. Increase Athletics Revenue: **+\$30,000** (pursue Athletic Gate Fees)
- 2. Shift GATE contribution to Site Funds (HS & MS): **+\$6,192**

Summary

Personnel: Ongoing UGF Relief: **-\$809,575** | Change of Funding to MediCal Revenue (Restricted): **-\$174,268**

Operational: Ongoing Fund 01 Relief: **-\$235,004** | Measured Relief: **-\$200,000**

Revenue & Program: Ongoing Fund 01 Relief: **+\$36,192**

New Ongoing Expenditures 2026-27 - Option A

Despite budget reductions, the district must address new essential ongoing expenditures for 2026-27 and beyond, driven by student needs and enrollment changes.



.75 FTE Classified Health Clerk (PGHS)

-\$73,492 (including statutory benefits)

District Nurse, currently covering PGHS, must maintain a Districtwide role, requiring dedicated site-level support.



.75 FTE Library Media Technician (PGHS)

-\$78,155 (including statutory benefits)

Replaces the 1.0 FTE District Librarian to maintain consistency with all other school sites.

Note: This assignment also has existing support of a .5FTE Library Media Tech at the HS to support clerical and budget duties

Total Budget Reductions Summary - Option A

Personnel Reductions

Total: \$809,575

- Ongoing Unrestricted: \$809,575

Operational Reductions

Total: \$435,004

- Ongoing Fund 01 Relief: \$169,168
- Measured Relief (Fund 14 UGF Transfer): \$200,000

Revenue & Program Adjustments

Total: \$36,192+

- GATE to Site Funds: \$6,192+
- Additional Revenue: \$30,000+

New Ongoing Expenditures

Classified Staffing Increases

1.0 FTE Health Clerk: **-\$73,492**

0.75 FTE Library Tech: **-\$78,155**

Overall Budget Relief Summary

Total Budget Reductions
(\$1,280,771)

Less: New Ongoing Expenditures
\$151,647

Net Multi-Year UGF Relief
(\$1,129,124)

Planning for Budget Uncertainty: Why Maximum Ongoing Savings Matter

- The PGUSD, like many Districts does face inherent unpredictability in its annual budget.
- Factors beyond our direct control can significantly impact our financial health. Therefore, prioritizing maximum ongoing savings is crucial to ensure fiscal stability and protect against unforeseen challenges.



Unforeseen Enrollment Changes

Unexpected increases in enrollment requiring additional staffing and resources can strain the budget.

Example: Need for new grade level Teacher(s)s and IA's after May 15th Open Enrollment



Special Education Service Demands

Increased level of services for 504 and IEP populations often cannot be accurately predicted in advance.

Example: Caseloads increase based on newly indentified student needs late in the school year could require increased FTE for Resource Teacher(s)



State & Federal Funding Volatility

Reduced state and federal apportionments are often beyond the district's direct control and can change rapidly.

Example: Reduced Federal apportionment is a possibility
Example: State Preschool funding is tied to enrollment



One-Time Assessments

Unexpected, non-recurring costs such as:

- MCISG JPA assessment
- Instructional minutes assessment, and other audit penalties
- Schools Excess Liability Fund assessment



Categorical Program Reductions

Cuts to categorical program funding from state or federal sources can reduce available operational revenue.

Example: State legislature reduction of categorical program funding or COLA such as RS6770 Music Arts Program



Other Economic/Budgetary Uncertainties

- External economic factors like inflation
- Unpredictable salary negotiations that will include CSEA classification and compensation study implementation
- Broader market shifts also may create budgetary unknowns

❏ These pervasive uncertainties necessitate a conservative planning approach and a commitment to achieving maximum ongoing savings.

2026-27 Budget Reductions - Option B

To address budget constraints, the following reductions are under consideration by the committee:



Personnel Reductions

- 1. 1.0 FTE Elementary Spanish Teacher: **-\$146,398**
- 2. 1.0 FTE Elementary Teacher (Enrollment): **-\$146,398**
- 3. 1.625 FTE Adult Transition Para (Enrollment): **-\$78,006**
- 4. 1.0 FTE Community HS (Enrollment): **-\$121,378**



Change of Funding and Assignment

- 1. 1.0 FTE Mental Health Therapist (MHT): \$174,268 shifted funding to MediCAL Reimbursement RS9021 Restricted/Duty Alignment



Operational Reductions

- 1. Travel & Conference (20% reduction): **-\$23,271**
- 2. Materials & Supplies (5% reduction): **-\$55,897**
- 3. SRO Budget (100% reduction): **-\$90,000**
- 4. Elementary Summer School Program: **-\$65,836**
- 5. Freeze on Fund 14 transfer: **-\$200,000**



Revenue & Program Adjustments

- 1. Increase Athletics Revenue: **+\$30,000** (pursue Athletic Gate Fees)
- 2. Shift GATE contribution to Site Funds (HS & MS): **+\$6,192**

Summary

Personnel: Ongoing UGF Relief: -\$492,180 | Change of Funding to MediCal Revenue (Restricted): -\$174,268

Operational: Ongoing Fund 01 Relief: -\$235,004 | Measured Relief: -\$200,000

Revenue & Program: Ongoing Fund 01 Relief: +\$36,192

New Ongoing Expenditures 2026-27 - Option B



.75 FTE Classified Health Clerk (PGHS)

-\$73,492 (including statutory benefits)

District Nurse, currently covering PGHS, must maintain a Districtwide role, requiring dedicated site-level support.



Retention of 1.0 FTE District Librarian and 1.0 Digital Media Arts Teacher

-For FY26/27 \$8,111 (plus statutory benefits)

Building these positions into Option B model requires an increased cost associated with the previously negotiated salary schedule increase of 2.0%, increase of 0.5% to health and welfare, and the positions increase to step in column 2.0%

Total Budget Reductions Summary - Option B

Personnel Reductions

Total: \$492,180

- Ongoing Unrestricted: \$492,180

Operational Reductions

Total: \$435,004

- Ongoing Fund 01 Relief: \$169,168
- Measured Relief (Fund 14 UGF Transfer): \$200,000

Revenue & Program Adjustments

Total: \$36,192+

- GATE to Site Funds: \$6,192+
- Additional Revenue: \$30,000+

New Ongoing Expenditures

Classified Staffing Increases

1.0 FTE Health Clerk: **-\$73,492**

Salary Adjustments to positions retained from Option A

Total Increase in 2026/27: \$8,111 (plus statutory benefits)

Note: there will be a 2% step increase in perpetuity plus any future negotiated settlements (factored into 2-year MYP)

Overall Budget Relief Summary

Total Budget Reductions
(\$963,376)

Less: New Ongoing Expenditures
\$81,603

Net Multi-Year UGF Relief
(\$881,773)

Review of Updated Multi-Year Projection Fund 01

UPDATED Multi-Year Projections with **Option A** and **Option B** compared to current

NOTE: There are no adjustments to Salary Schedule /Health and Welfare in the 2027-28 year projections aside from step in column

Metric	2026-27 Projection (Current)	Option A 2026-27 Projection	Option B 2026-27 Projection	2027-28 Projection (Current)	Option A 2027-28 Projection	Option B 2027-28 Projection
Beginning Balance (combined)	\$5,171,212	\$5,171,212	\$5,171,212	\$3,159,938	\$4,339,612	\$4,206,711
Revenue	\$49,706,432	\$49,706,432	\$49,706,432	\$51,491,996	\$51,491,996	\$51,491,996
Expenditures	\$51,407,806	\$50,438,132	\$50,526,033	\$51,887,692	\$50,918,018	\$50,983,875
Deficit or Surplus <i>including transfers out</i>	(\$1,701,373) Unrestricted: (\$978,654) Restricted: (\$722,719)	(\$831,600) Unrestricted: (\$314,695) Restricted: (\$516,905)	(\$1,080,600) Unrestricted: (\$563,695) Restricted: (\$516,905)	(\$695,697) Unrestricted: (\$684,742) Restricted: (\$10,955)	\$588,063 Unrestricted: \$599,018 Restricted: (\$10,955)	\$287,412 Unrestricted: \$297,412 Restricted: (\$10,955)
Ending Fund Balance	\$3,159,938	\$4,339,612	\$4,206,711	\$2,464,243	\$4,813,590	\$4,559,832
Reserve Levels	5.6%	8.0%	7.5%	4.6%	9.1%	8.1%
	Current	Option A	Option B	Current	Option A	Option B

**Note: This does not take into account unknown expenditures or unanticipated state and federal reduced apportionments*

Budget Advisory Subcommittee Recommendation: Option A

The Budget Subcommittee and staff recommend that the Board pursue **Option A** for the 2026-27 fiscal year, as it represents the most robust and responsible path forward for the district's financial health.



Board-Directed Analysis

The Board established the Budget Subcommittee to thoroughly review district finances and provide informed recommendations. The committee fulfilled this charge through comprehensive data analysis and collaborative deliberation.



Data-Driven Decision Making

The committee examined extensive financial data, enrollment trends, program costs, and multi-year projections to develop evidence-based recommendations that address structural budget challenges.



Planning for the Unknown

Given the unpredictable nature of enrollment changes, special education demands, and state/federal funding, Option A provides the maximum ongoing savings necessary to ensure fiscal solvency.

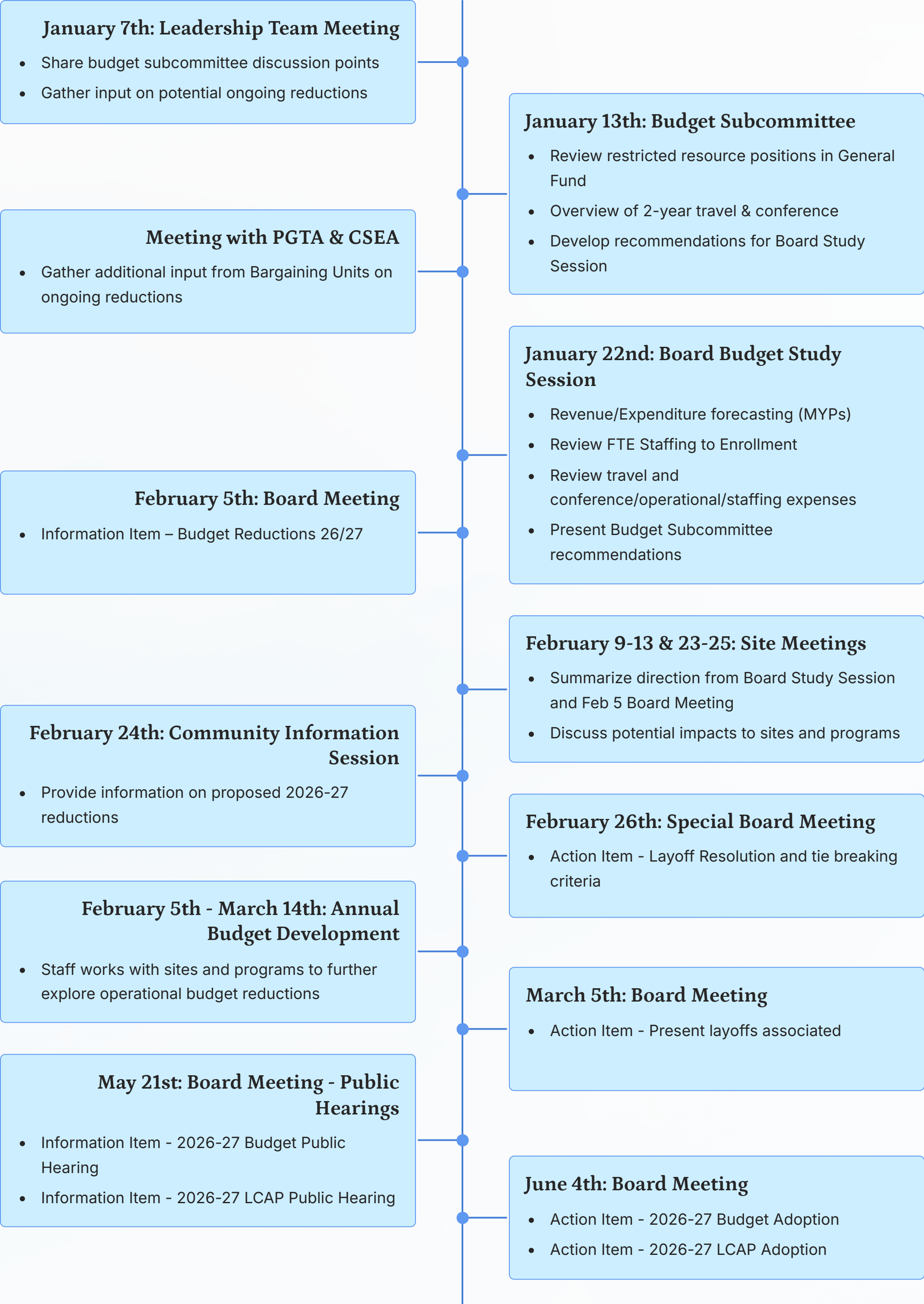


Sustainable Financial Future

Option A best positions PGUSD for long-term fiscal stability, increasing reserves from 5.6% to 8.0% in 2026-27 and 9.1% in 2027-28, protecting the district from future budget crises.

☐ **Option A** represents the most responsible path forward to maintain educational quality while ensuring fiscal solvency for PGUSD.

Budget Solicitation Timeline



Five Year Stability Plan

Next Steps:

- 1) Approve Proposed Reductions and
- 2) Launch a Five-Year Revenue & Fiscal Stability Plan through the Budget Subcommittee

Long-term planning to account for unforeseen expenses and build new sources of revenue.



Grants & Sponsorships



Parcel Tax Exploration



Reserve Policy (10% goal)



Reconfiguration



Redrawing District Boundaries



Additional Housing Development Opportunities

Option A vs. Option B

Fiscal Framing



Option A

- Builds stronger reserves
- Protects against unknown costs
- Positions district for long-term stability



Option B

- Preserves two additional positions
- Reduces financial buffer
- Greater future risk

 **Key Takeaway: Option A supports sustainability**