



Budget Advisory Committee 2022 -23

Governor's Budget for 20234
January 19, 2023

Agenda

- Introductions & Purpose of BAC
- 2023 -24 Governor's Budget Proposal
- Adjustments to Multiyear Projections
- Process of Developing the 2023 -24 Budget
- Questions
- Adjourn

Acknowledgements

Thank you to the Business Services Team - amazing professionals who keep this District running smoothly.

Fiscal

Upexa Captan

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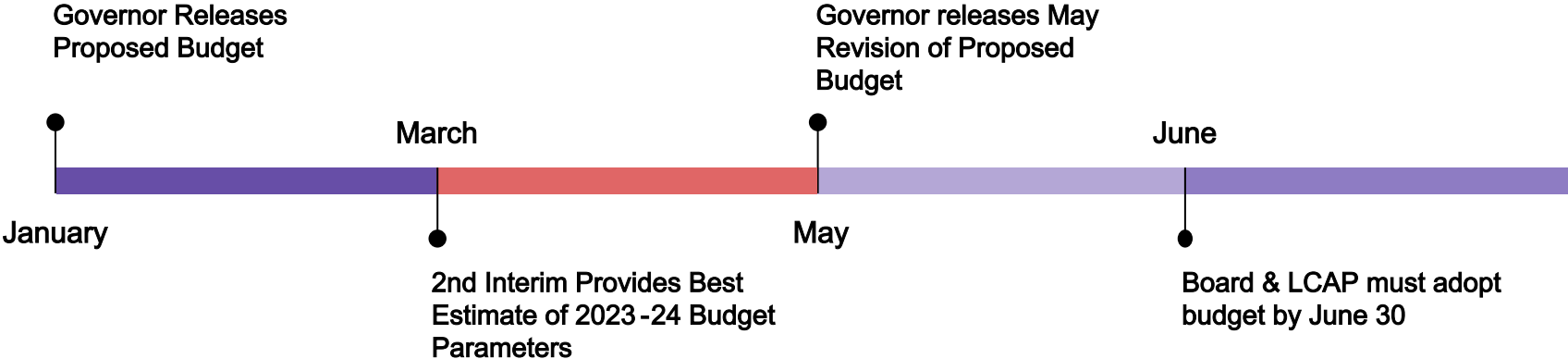
Cindy Sivilaythong

Purpose of BAC

- The Budget Advisory Committee is a standing committee with representatives from all stakeholders in the District.
- Its purpose is to:
 - review the District's Budget,
 - share the information with constituent groups, and
 - generate recommendations for Board consideration in the budget development process.
- The BAC is a vehicle to disseminate information to as many parents, students, staff and community members as possible.

Budget Timeline

2023-24



Governor's Proposal for 2023 - 24 Budget

Highlights

- Good news:
 - COLA is estimated to be 8.13%
 - Continued investment in TK, SPED and free breakfasts and lunches
- Bad news:
 - Claw-back of $\frac{1}{3}$ of AMIM on time from 202223
 - PERS increase
- Good and Bad:
 - Proposition 28 (Arts/Music funding)
 - Recession not projected

State Revenues

Maintain and Trim

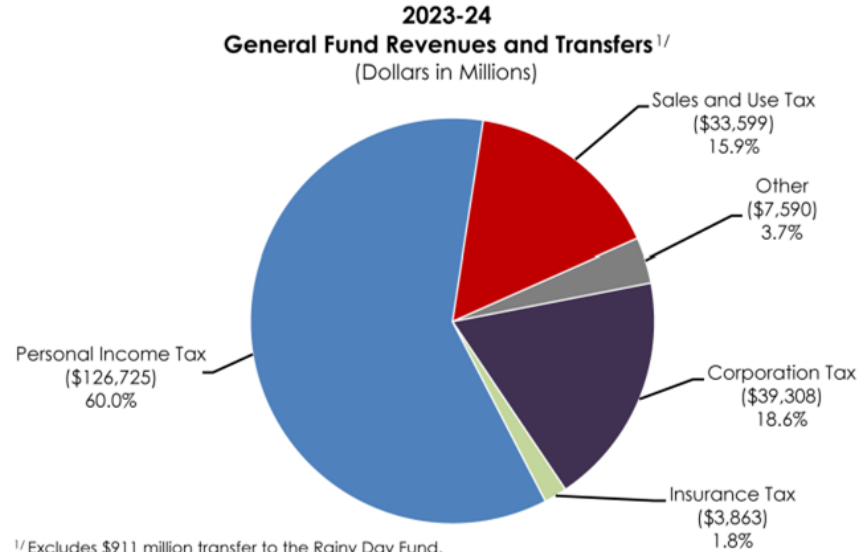
Proposition 98

LCFF Formula

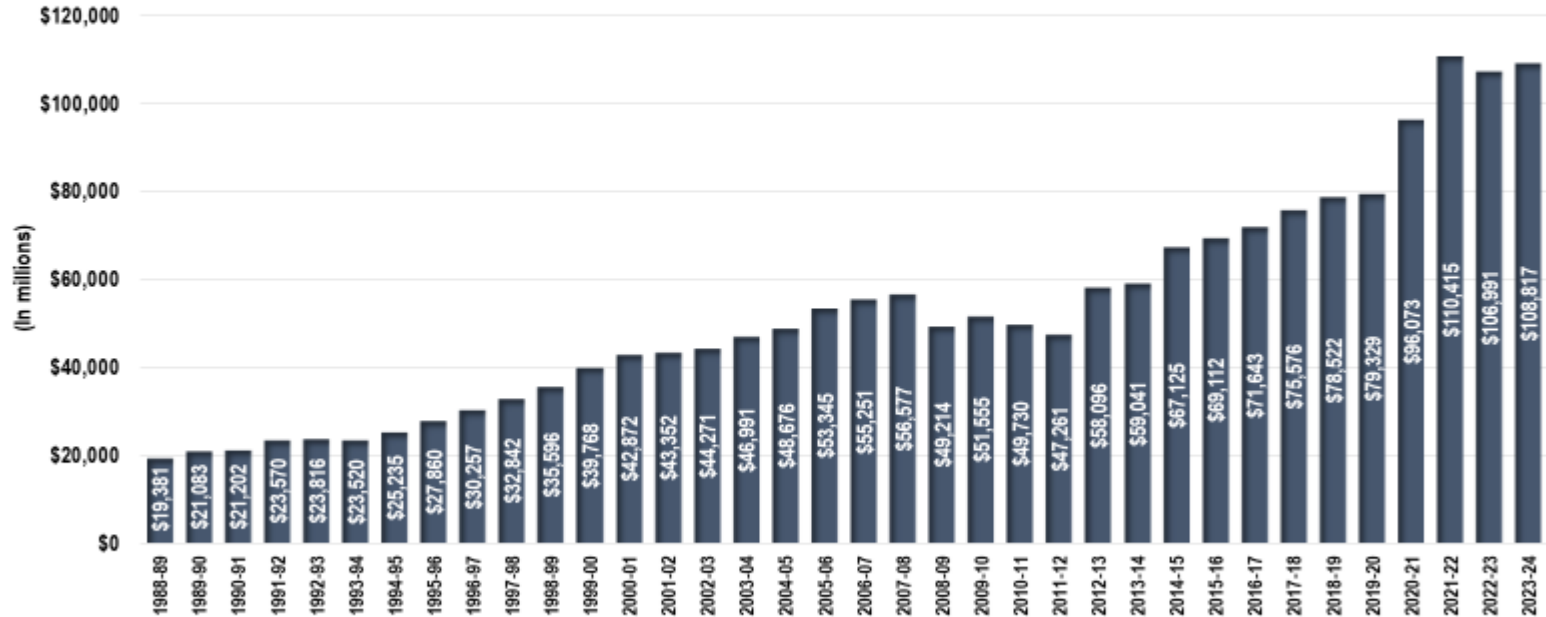
Other Programs

State Revenues and School Funding

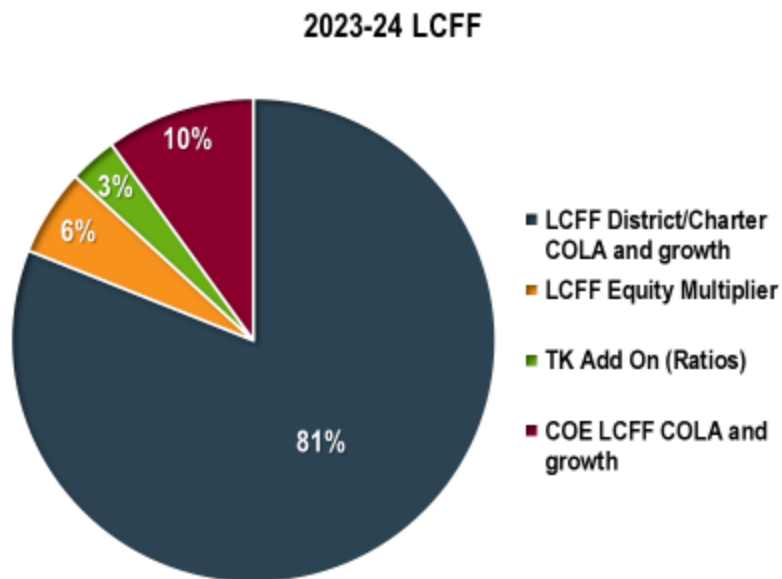
- Proposition 98 Test 1 requires 38% of new revenue to be allocated to schools.
- Big Three Taxes determine health of state revenue:
 - Personal Income Tax
 - Sales and Use Tax
 - Corporation Tax
- Capital gains (stock market movement) - impacts P.I.
- Employment (unemployment) impacts P.I. and Sales & Use.



Proposition 98 Minimum Guarantee



Overview of Major K-12 Spending Proposals



- The largest K-12 investment in the Governor's Budget is in the LCFF and its various components, totaling an additional \$5.04 billion in **ongoing** Proposition 98 resources
 - Base COLA = \$4.7 billion
 - TK Add-On + COLA = \$165 million
 - Equity Multiplier = \$300 million
- Other major investments include
 - Categorical program COLA totaling \$669 million, including State Preschool rate adjustments

LCFF Funding COLA

- A Cost of Living Adjustment (COLA) is calculated every year and applied to the LCFF formula to ensure that school district funding keeps pace.
- COLA is determined by a statutory formula. For 2023, the Governor projects it will be **8.13%**
- The increase in COLA from 5.38% to 8.13% increases Piedmont's LCFF revenues by approx. **\$425K**
- LCFF uses Average Daily Attendance (ADA) for the student count. As enrollment declines, ADA goes down, reducing revenues.
- LCFF is only 50% of Piedmont's revenues. Other revenue sources do not grow at that rate.

2023-24 LCFF Funding Factors

Grade Span	TK	K-3	4-6	7-8	9-12
2022-23 Base Grant per ADA	\$9,166	\$9,166	\$9,304	\$9,580	\$11,102
8.13% COLA	\$745	\$745	\$756	\$779	\$903
2023-24 Base Grant per ADA	\$9,911	\$9,911	\$10,060	\$10,359	\$12,005
GSA	\$1,031	\$1,031	–	–	\$312
TK add-on (inclusive of COLA)	\$3,042	–	–	–	–
2023-24 Adjusted Base Grant per ADA	\$13,984	\$10,942	\$10,060	\$10,359	\$12,317
20% Supplemental Grant per ADA ¹	–	\$2,188	\$2,012	\$2,072	\$2,463
65% Concentration Grant per ADA ²	–	\$7,112	\$6,539	\$6,733	\$8,006

¹Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 20% and UPP

²Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

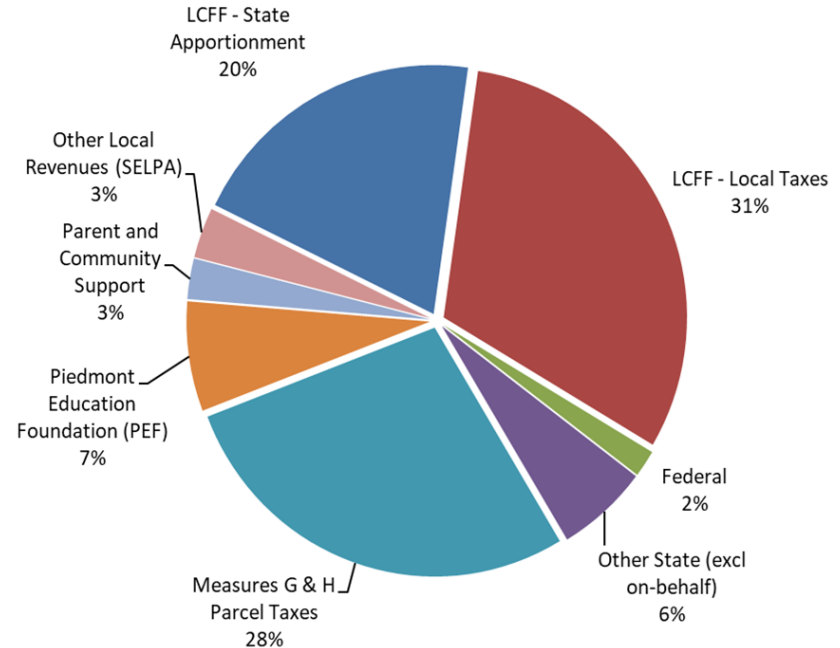
LCFF and Piedmont

Year	Enrollment	Funded ADA*	LCFF \$ per ADA	Total Funds
2022-23	2,344	2,423.84	10,442	25,309,737
2023-24	2,322	2,336.58	11,317	26,443,076
Difference:	-22	-87.26	875	1,133,339
% Change	-0.94%	-3.60%	8.38%	4.48%

*Funded ADA uses prior 3 year average to slowly catch-up to actual ADA, which is still inflated from prior year inflated ADA. Also, 2022-23 ADA 'yield' is down from prior years - 96% vs. 97%.

Piedmont Revenues from 1st Interim

- LCFF is 51% of District revenues.
- Other revenue sources not expected to increase at same rate (8.13%).
 - PEF- steady at \$3 M
 - Measure G max. 2%
 - Measure H 0% increase
 - Parent/Comm- 0% increase
 - SELPA 8.13%
 - Federal- 0%
 - Other State- 8.13%



Arts and Music Funding

- 2022-23 OneTime Discretionary funds were labeled "Arts & Music Instructional Materials Grant (AMIM)"
- District expects to receive \$1.5 M
- Board has approved plan to use grant to fund one time 3% required set aside, and leave on going funds available for other uses (salary increases).
- Governor proposes to claw back $\frac{1}{3}$ of these funds (\$500,000)

- Proposition 28- Arts and Music in Schools Funding Guarantee and Accountability Act adds funds to the Prop. 98 for arts and music education.
- District expects to receive \$266,000 annually.
- 80% of funds are to be spent on personnel.
- "Supplement not Supplant" language needs clarification.

- Does District want to add to existing arts and music?
- Does District want to use grant for existing programs currently funded by PEF and others?
- Without details, should we even include these funds as Revenue?

Universal Transitional Kindergarten Implementation



2022-23

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and February 2; inclusive



2023-24

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and April 2; inclusive



2024-25

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and June 2; inclusive



2025-26

Offer TK to four-year-olds whose fourth birthday occurs by September 1; inclusive

- The Governor continues to prioritize implementation of universal transitional kindergarten (UTK)
- The Governor's Budget provides an additional investment of \$690 million ongoing General Fund to implement second year of UTK expansion
- Proposition 98 minimum guarantee is "rebenched" to account for the expanded universe of TK students

Other Programs - Good & Bad News

- Support continues for:
 - Universal Meals
 - State School Facilities Program with slight reduction
 - Transportation
- No support in sight for:
 - STRS no increase projected, but 19.1% is still a big increase from 8.25% in 2013.
 - PERS increases big change from prior estimates
 - \$138K in 23-24
 - \$271K in 24-25

Year	Prior Projections per SSC Dartboard	Projected Rates per Most Recent CalPERS Actuarial Report ¹
2022-23	25.37%	25.37%
2023-24	25.20%	27.00%
2024-25	24.60%	28.10%
2025-26	23.70%	28.80%

Multiyear Projections

MYP

Budget gap is \$1.5 M for 2024 and 2025.

Revenue Projections

	2022-23	%	2023-24	%	2024-25
	Jan 2023	Change	Projected Budget	Change	Projected Budget
REVENUES:					
LCFF	\$25,517,360	4.4%	\$26,649,207	-0.8%	26,445,608
FEDERAL REVENUES	875,181	-33.4%	583,081	0.0%	583,081
STATE REVENUES	3,034,513	-60.7%	1,193,713	44.8%	1,728,146
STATE REVENUES STRS on-behalf	2,367,316	0.0%	2,367,316	0.0%	2,367,316
PARCEL TAX REVENUE - Measure G	11,251,405	2.0%	11,476,433	2.0%	11,705,962
PARCEL TAX REVENUE - Measure H	2,657,467	0.0%	2,657,467	0.0%	2,657,467
LOCAL REVENUES - PEF	3,550,051	-15.5%	3,000,000	0.0%	3,000,000
LOCAL REVENUES - ALL OTHERS	1,200,462	0.0%	1,200,462	0.0%	1,200,462
SELPA (SPED)	1,636,039	7.7%	1,761,508	3.3%	1,819,669
TOTAL REVENUES:	\$52,089,794	-2.3%	\$50,889,188	1.2%	\$51,507,711

Expenditure Projections

	2022-23	%	2023-24	%	2024-25
	Jan 2023	Change	Projected Budget	Change	Projected Budget
EXPENDITURES:					
CERTIFICATED SALARIES	\$21,525,246	-0.9%	\$21,328,488	-0.9%	21,138,821
CLASSIFIED SALARIES	8,528,587	-4.5%	8,147,349	1.0%	8,228,823
EMPLOYEE BENEFITS	11,773,232	0.6%	11,841,140	2.3%	12,111,451
STRS OnBehalf Payment	2,367,316	0.0%	2,367,316	0.0%	2,367,316
POST EMPLOYMENT BENEFITS	367,440	-4.8%	350,000	0.0%	350,000
BOOKS & SUPPLIES	1,548,797	-23.3%	1,188,297	2.8%	1,221,213
SERVICES/OPERATING EXPENDITURES	7,252,353	-0.8%	7,191,514	2.8%	7,390,719
CAPITAL OUTLAY (ITEMS OVER \$5,000)	497,628	-58.9%	204,426	2.8%	210,089
OTHER REDUCTIONS - TBD			-1,550,000		-1,750,000
DIRECT SUPPORT/INDIRECT COSTS	15,863	0.0%	15,863	0.0%	15,863
TRANSFER TO OTHER FUNDS (NET)	677,934	-100.0%	-	0.0%	-
TOTAL EXPENDITURES:	\$54,554,396	-6.4%	\$51,084,393	0.4%	\$51,284,294

Multiyear projections

<i>Governor's Budget</i>	2022-23	2023-24	2024-25
Beginning Balance	\$4,888,296	\$2,423,694	\$2,228,489
Revenues	52,089,794	50,889,188	51,507,711
Expenditures	(54,554,396)	(52,634,393)	(52,834,294)
GAP - Unidentified Cuts		1,550,000	1,550,000
Ending Balance	\$2,423,694	\$2,228,489	\$2,451,906
<u><i>Components of Ending Balance:</i></u>			
Reserved/Restricted	850,829	676,911	997,783
3% for Econ Uncertainty	1,636,632	1,532,532	1,538,529
Above / Below	-63,767	19,046	-84,406

Budget Projections - Snapshot as of Today

- One-time revenues and expenses are backed out.
- All positions are carried forward except for approx. 1 FTE certificated and 1 FTE classified currently funded with PEF supplemental grant funds.
- Next Steps:
 - Revise staffing based on enrollment projections
 - Review LCAP actions
 - Determine other possible reductions based.

Budget Development Process

Next Steps

- School Board
- District Administrative team
- Budget Advisory Committee
- Final Budget Adoption

Next Steps

January →	<ul style="list-style-type: none">• Governor's Budget released 1/10 & MYP Updated• BAC Meeting to review Gov's Budget• Board review of how Gov's Budget will affect PUSD
March →	<ul style="list-style-type: none">• BAC Meeting to review 2nd Interim• 2nd Interim Report presented with budget solutions for 2023-24• If required, Board takes action on reductions for 2023-24 that may involve positions• If required, March 15 notices mailed
April →	<ul style="list-style-type: none">• BAC develops recommendations to Board for 2023-24
May →	<ul style="list-style-type: none">• BAC presents budget recommendations to Board (possible increase to parcel tax levy)• Governor releases May Revisions to budget proposal for 2022-23
June	<ul style="list-style-type: none">• Board holds public hearing on draft budget• Final budget adopted by Board