

2022-23 1st Interim Report

Piedmont USD Budget Advisory Committee
December 8, 2022

Required Reports

- The District is required to adopt a budget and provide updates to the Alameda County Office of Education (ACOE) by:

- July 1 Adopt a budget

- ○ December 15 1st Period Interim to ACOE

- March 15 2nd Period Interim to ACOE

- June 30 Estimated Actuals

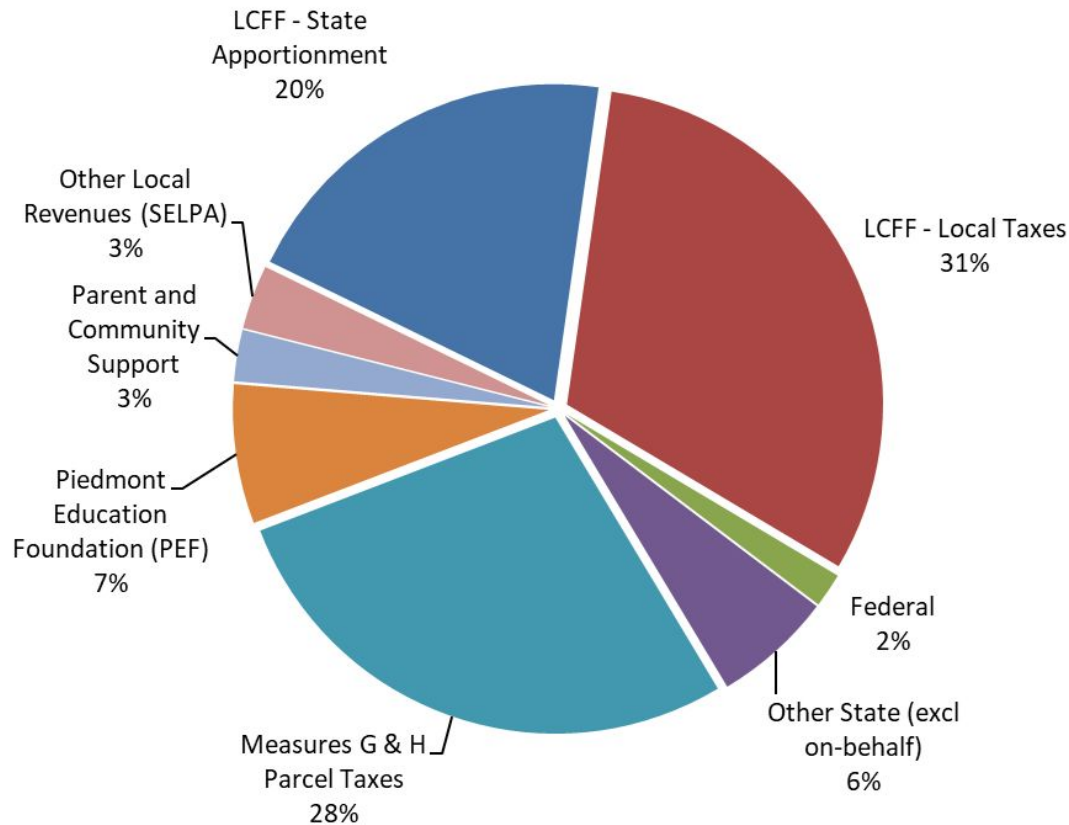
- September 15 Unaudited Actuals

Headlines

- 2022-23: The District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The salary increases, health benefit increases and one-time payments to staff have **drawn down all available resources**, leaving the District with **no cushion** other than the 3% reserve for the rest of the year.
- The projections for the next 2 years assume a small decline in enrollment and elimination of the one-time revenues and associated programs, PLUS
 - 2023-24: The District will need to make budget adjustments of \$1,100,000.
 - 2024-25: The District will need to make budget adjustments of \$1,100,000.

Revenues

- 51% is based on the Local Control Funding Formula (LCFF), but of that, only 20% is State Aid. The rest is from local taxes.
- 38% is locally generated - parcel taxes, PEF, parents donations.



LCFF
= **51%** of Revenues
= **\$25.6 M**

COLA increase to per pupil amount from 2021-22 to 2022-23:
= **13.26%**
= **10.8%** in LCFF revenues for PUSD
= **\$2.5 M**
= **5.1%** increase in total revenues

Changes to Revenues

- LCFF and State revenues are adjusted per final State budget.
- Local contributions for specific uses are incorporated.

General Fund Revenues			
	2022-23 Budget	2022-23 1st Interim	Difference June-->Dec
Revenues			
LCFF - Base	\$ 24,663,765	\$ 25,559,252	\$ 895,487
PARCEL TAX REVENUE	13,832,723	13,832,723	-
LOCAL REVENUES - PEF	3,550,051	3,550,051	-
LOCAL REVENUES - ALL OTHERS	971,536	1,276,611	305,075
STATE REVENUES	1,094,720	1,193,183	98,463
STATE - One-Time Funds	3,385,590	1,841,330	(1,544,260)
TRFS APPORT FR DISTRICTS (SELPA)	1,662,965	1,636,039	(26,926)
FEDERAL REVENUES	715,518	875,181	159,663
Total Revenues	\$ 49,876,868	\$ 49,764,370	\$ (112,498)
STATE REVENUES - STRS on-behalf	2,367,316	2,367,316	-
Total Revenues Incl STRS on-behalf	\$ 52,244,184	\$ 52,131,686	\$ (112,498)

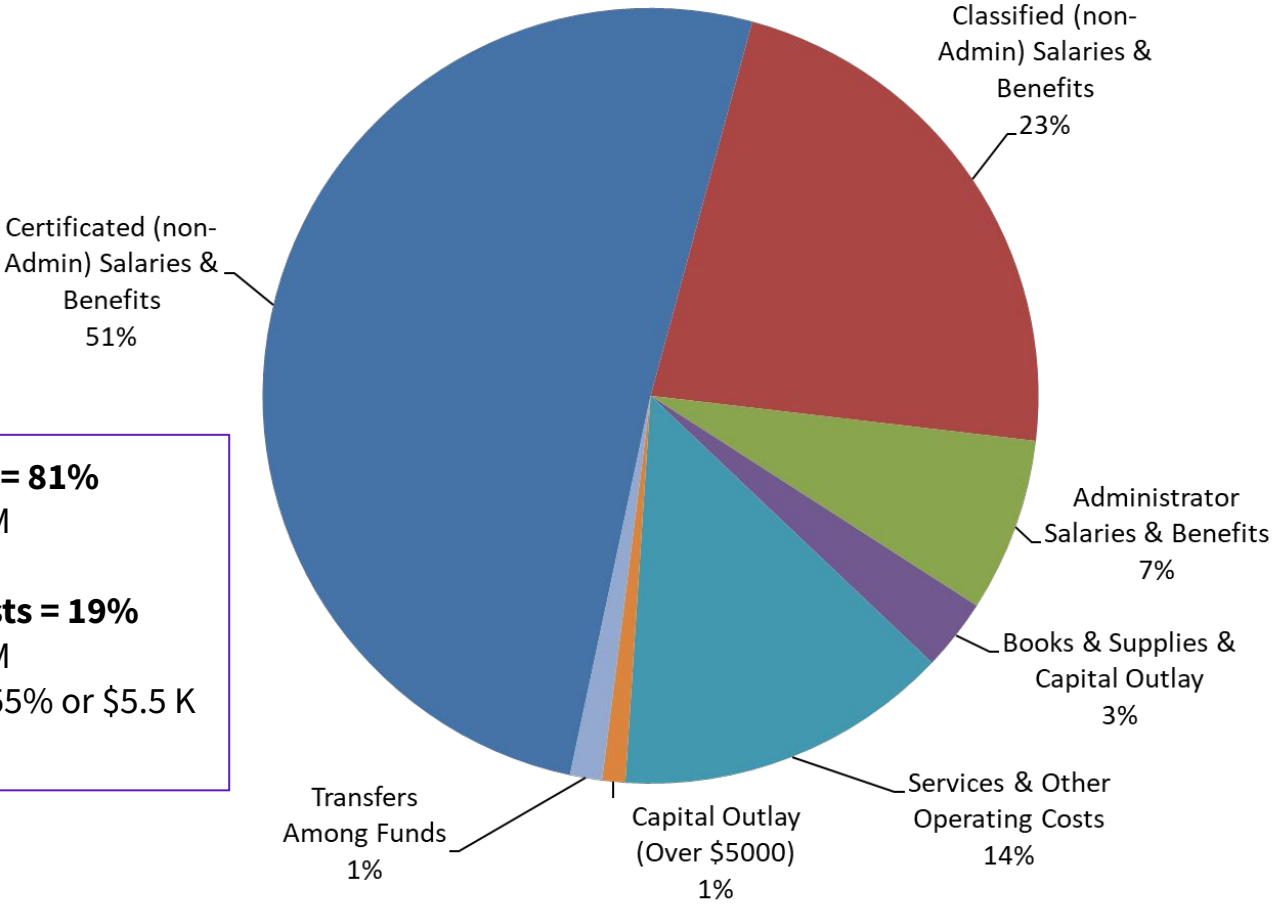
Use of One-time Grant Funds

In June, after the Governor's May Revise, the State Legislature still had Proposition 98 funds for schools and had to decide how to allocate them.

- Increases to the LCFF formula would be an *on-going* obligation.
- A *one-time* grant would not carry an ongoing burden, but would be a large amount for schools to absorb, on the heels of the COVID relief grants.
- Piedmont assumed less LCFF (9.85%), more one-time (\$3.4 M).
- The final budget had more LCFF (13.26%), less one-time (\$1.5 M).
- Use of the funds requires a Board-approved Plan.
- Allowable uses include "Operational Costs".
- The District proposes designating the **\$1.5 M** one-time towards the 3% reserve.

Expenditures

- 81% of expenditures are salaries and benefits.



Personnel Costs = 81%
81% = \$44 M

Non-Personnel Costs = 19%
19% = \$10 M

Unrestricted portion = 55% or \$5.5 K

Changes to Expenditures

- The settlements with employee groups are included, increasing salaries & benefits by \$2.4 M, offset by position and vacancy clean-up.
- Non-personnel costs have increased by \$2.1 M.

General Fund - Expenditures			
Expenditures	2022-23 Budget	2022-23 1st Interim	Difference June-->Dec
Certificated Salaries	\$20,119,922	\$ 21,525,246	\$ 1,405,324
Classified Salaries	7,219,069	8,311,461	1,092,392
Benefits	12,197,834	12,140,672	(57,162)
Books & Supplies	1,141,741	1,548,797	407,056
Services/Other Oper.	5,904,675	7,252,353	1,347,678
Capital Outlay	110,617	497,628	387,011
Internal Transfers	678,086	693,797	15,711
Total Expenditures	\$47,371,944	\$ 51,969,954	\$ 4,598,010
STRS On-Behalf	\$ 2,367,316	\$ 2,367,316	-
Total Exp (incl STRS On-Behalf)	\$49,739,260	\$ 54,337,270	\$ 4,598,010

Why have non-personnel costs increased?

Books and Supplies:

- **\$407 K** increase in expenditures directly tied to increase in revenue or carryover from prior year.
- When prior year funds are carried over to the new budget, they usually appear in the "books and supplies" category.
- Parent contributions for specific classes and activities that have been collected so far this year are recorded in revenues and the budget is set-up in expenditures.

Services and Other Operating Expenses:

- **\$1.348 M** increase
- Utility costs have increased by \$100,000
- SPED contracts for services, especially out-placements, have increased by \$1.2 M

Capital Outlay

- **\$387 K** increase
- Witter Field and Elementary VRF projects that will ultimately be funded with State funds had to be funded thru the GF over the summer.

Net Change to Fund Balance

The increase in expenditures is offset by the increase in fund balance and the availability of one-time funds from the State.

	Ending Fund Balance		
	2022-23 Budget Adoption	2022-23 First Interim	Difference June -->Dec
Beginning Balance	\$ 3,371,316	\$ 4,888,297	\$ 1,516,981
Revenues	52,244,184	52,131,686	(112,498)
Expenditures	(49,739,260)	(54,337,270)	(4,598,010)
Rev-Exp = Surplus(Deficit)	2,504,924	(2,205,584)	(4,710,508)
Ending FB	5,876,240	2,682,713	(3,193,527)
Restricted & Revolving Committed/not available	719,965	850,829	130,864
3% Minimum Reserve	5,057,293	217,126	(4,840,167)
Over (Under) Reserve	1,492,178	1,630,118	137,940
Available from Fund 17	(1,393,196)	(15,360)	1,377,836
	108,000	108,000	-

General Fund - Multiyear

The Multiyear Projections are updated at 1st Interim with the latest information available. The following assumptions were used in the MYP:

Assumption	2022-23	2023-24	2024-25
Enrollment	2,346	2,336	2,302
ADA used for LCFF calculations	2,425.69	2,354.99	2,277.30
Cost of Living Increase (COLA) for LCFF per pupil funding (LCFF is 50% of revenues)	13.26%	5.38%	4.02%
COLA for other State funds	6.56%	5.38%	4.02%
COLA for Measure G Funds	2.0%	2.0%	2.0%
Natural progression (Step & Column) in Employee Salaries	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	25.37%	25.20%	24.60%

Add'l Elements of MYP

- Only those expenses that are know to be one-time in 2022-23 or are directly tied to one-time funding are eliminated in out years.
- Other expenses are left in to show the magnitude of cuts needed.

Assumptions about:	2023-24	2024-25
Certificated Employees	One-time payment taken out Reduce 1.0 FTE for psychs for reduced COVID funding	Eliminate MTSS positions (funding ends)
Classified Employees	Take out July one-time bonus; Eliminate health coord. and add'l lunchtime coverage	
Books and Supplies	Reduce expenditures that are the result of carryover from Prior Year.	
Services & Other Operating Expense	Reduce by \$300 K ... wishful thinking?	
Capital Expenses	Reduce by \$300 K - Witter field work in 2022-23	

General Fund - Multiyear

- \$1.1 million in budget adjustments will be needed in 2023-24.

MULTIYEAR PROJECTIONS - 2022-23 First Interim			
	2022-23	2023-24	2024-25
Beginning Balance	\$ 4,888,296	\$ 2,682,712	\$ 2,375,026
Total Revenues	\$ 52,131,686	\$ 50,910,340	\$ 51,469,998
Total Expenditures	54,337,270	52,318,025	52,332,957
Add'l Adjustments		(1,100,000)	(1,150,000)
Net Surplus (Deficit)	(2,205,584)	(307,686)	287,041
Ending Fund Balance	\$ 2,682,712	\$ 2,375,026	\$ 2,662,067
Components of Ending Balance:			
Restricted Funds	\$ 850,829	\$ 356,039	\$ 356,039
Held for CSEA One-time (\$1500/FTE)	\$ 217,126	-	-
Measure H - available for CSEA	-	320,872	641,744
Required Reserve	1,630,118	1,536,541	1,535,489
Add'l Unassigned	(15,361)	(55,551)	(88,331)

- **Revenues:**
 - **Facilities rental fees**
 - **Donations for CSF**
 - **Fundraising for Facilities**
 - **Adult Ed fees**
 - **Food services**
- **Staffing**
 - **Class sizes & course offerings**
 - **Unfilled vacancies**
 - **Administrator duties**

Ideas for Budget Adjustments

Any Hope?

Some relief is visible on the horizon...

For 2022-23:

- SPED transportation funding
 - Will require a "Plan"
 - Estimate is for \$150K
- State Facilities funding
 - At least \$2.1 Million for Witter
 - Will reimburse GF for Witter projects, freeing up funds for 2023 summer projects

For 2023-24:

- Proposition 28
 - Approx \$250K
 - Will cover the arts/music education currently funded with excess PEF funds
- COLA
 - May be higher than 5.38% projections
 - Every increase of 1% in COLA is \$245,000 for Piedmont

Next Steps

December	<ul style="list-style-type: none">● BAC Meeting to review 1st Interim● 1st Interim Report presented with MYP Projections
January	<ul style="list-style-type: none">● Governor's Budget Proposal released 1/10● Board review of how Gov's Budget will affect PUSD● BAC Meeting to review Governor's Budget Proposal
February	<ul style="list-style-type: none">● Administrative team reviews options for budget adjustments to share with Board
March	<ul style="list-style-type: none">● BAC Meeting to review 2nd Interim● 2nd Interim Report presented with MYP Projections● If required, Board takes action on reductions for 2023-24 that involve positions● If required, March 15 notices mailed
May	<ul style="list-style-type: none">● Governor releases May Revisions to budget proposal for 2023-24
June	<ul style="list-style-type: none">● Board holds public hearing on draft budget● Final budget adopted by Board

Acknowledgments

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