



September 14, 2021

Cory Smegal, President
Board of Education
Piedmont Unified School District
760 Magnolia Avenue
Piedmont, CA 94611

RE: 2021-22 Local Control and Accountability Plan & Adopted Budget Review

Dear President Smegal:

In accordance with Education Code (EC) Sections 42127 and 52070, the Alameda County Office of Education (ACOE) has reviewed the 2021-22 Local Control and Accountability Plan (LCAP) and Adopted Budget of the Piedmont Unified School District (PUSD or District). By statute, the Adopted Budget review must be completed by September 15 of each year, and the LCAP review must be completed by October 8. Based on our review, both the 2021-22 LCAP and Adopted Budget of the PUSD have been **approved**.

Local Control and Accountability Plan

With regard to our review of the District's LCAP, the Education Code requires the County Superintendent of Schools to approve the LCAP or annual update to the LCAP (Annual Update) for each school district after determining all of the following:

- The LCAP or Annual Update adheres to the template adopted by the State Board of Education (SBE).
- The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP.
- The LCAP or Annual Update adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated students pursuant to EC Sections 42238.02 and 42238.03.

Based on our review of the District's 2021-22 LCAP, we have determined that the District is in compliance with the above criteria.

Adopted Budget

Education Code requires the County Superintendent of Schools to approve, conditionally approve, or disapprove the Adopted Budget for each school district after a review that includes the following:

- Determine whether the Adopted Budget includes the expenditures necessary to implement the LCAP or Annual Update.
- Examine the Adopted Budget to determine whether it complies with the standards and criteria established pursuant to EC Section 33127 and identify any technical corrections needed to bring the budget into compliance with those standards and criteria.
- Determine whether the Adopted Budget will allow the district to meet its financial obligations during the current fiscal year and is consistent with a financial plan that will enable the district to satisfy its multi-year financial commitments.

We have determined that the District's 2021-22 Adopted Budget and Multi-Year Budget Projection (MYP) complies with the above criteria. The following analysis highlights the scope of our review that led to this conclusion.

Collective Bargaining

On June 7, 2021, ACOE received the Public Disclosure of Collective Bargaining Agreement (CBA) between PUSD and the Association of Piedmont Teachers (APT) and the Classified School Employees Association (CSEA) for Tentative Agreements (TA) that were approved by the Board on May 26, 2021, as well as the Tentative Side Letter of Understanding (MOU) between the District and the Association of Piedmont School Administrators (APSA) that was approved on June 9, 2021. When combined with prior 3.5% increases approved in July 2020, the total ongoing salary increase equals 6.0% in 2020-21. Effective July 1, 2020, the May 2021 agreements include:

- APT – an ongoing 2.5% increase to the Certificated salary schedule daily rate and a one-time salary bonus of \$761 per unit member in 2020-21. New hires in 2021-22 will receive a one-time payment of \$1,500;
- CSEA – an ongoing 2.5% increase to the Classified salary schedule and a one-time salary bonus of \$2,088 per 1.0 FTE. Unit members will receive an additional one-time bonus of 2% of base salary at the beginning of an employee's third year, and those employees who in 2020-21 began 4th or 5th year will receive a 1.5% or 1% bonus, respectively;
- APSA – an ongoing 2.26% increase will be applied to the salary schedule daily rate for an annual fiscal impact of \$65,755 (included in table).

Per PUSD's Public Disclosure of CBAs and the APSA MOU, the estimated fiscal impact of these agreements will be funded by revenue from the Measure H Parcel Tax (Educator Retention) as follows:

Description	2020-21	2021-22	2022-23	Cumulative Cost over 3 years
One-Time Fiscal Impact	\$519,089	\$27,270	\$0	\$546,359
Ongoing Fiscal Impact	\$735,179	\$748,672	\$757,904	\$2,241,755
Total Fiscal Impact	\$ 1,254,268	\$775,942	\$757,904	\$ 2,788,114

The costs of these agreements are incorporated into the 2021-22 Adopted Budget. Upon review of PUSD’s 2021-22 Adopted Budget and the Public Disclosures, it appears the District will be able to meet its Reserve for Economic Uncertainties (REU) of three percent (3%) for the current and subsequent two years, if the budget-balancing solutions are implemented as projected in the accompanying MYP.

Enrollment and Average Daily Attendance

PUSD has been experiencing declining enrollment since 2016-17, with a five-year average loss of 49 students per year. The 2021-22 Adopted Budget Report is projecting a further decline of 186 students over the next three years from enrollment of 2,465 in 2020-21 to 2,279 in 2023-24. With the District’s existing trends, combined with the continued uncertainty of the impact the COVID-19 pandemic will have on public school enrollment in general, ACOE recommends that the District continue its efforts to mitigate the effects of its declining enrollment through budget-balancing solutions.

One-Time Revenues

While the 2021-22 State Budget provides some fiscal relief for LEAs across the state, much of the recent funding provided to school districts is one-time in nature to assist LEAs with the effects of the pandemic on safety and student learning. ACOE encourages all districts to ensure one-time funds are not used for ongoing expenditures. With enrollment declines projected in PUSD’s out-year budget forecasts, PUSD is encouraged to continue its close monitoring of student enrollment and to adjust its budgets accordingly to reduce deficit spending and to maintain healthy reserves.

Multi-year Projections / Reserves

Based on our review of the District’s MYP, which incorporates the impact of the settlements note above, PUSD is projected to have a combined budget deficit of \$1.6 million in 2021-22, and budget surpluses of \$832,257 and \$819,546 in 2022-23 and 2023-24, respectively. These budget surpluses are achieved with the District’s implementation of staff reductions to align with declining enrollment, as well as \$1.4 million in ongoing unspecified budget reductions in 2022-23 and 2023-24. The District is projecting overall reserves at 4.61% for 2021-22, 6.93% for 2022-23, and 8.67% for 2023-24 with the implementation of these assumed reductions.

While PUSD is projecting the ability to maintain the required 3% minimum reserve for economic uncertainty (REU) for the current and subsequent fiscal years, the aforementioned budget adjustments will be required in 2022-23 and 2023-24. In approving Board Resolution 16-2020-2021 on June 23, 2021, the Board recognized the need to identify potential budget solutions in order to maintain the required 3% REU. In accordance with the timeline presented with the

Resolution, please provide ACOE with the list of specific potential adjustments that are identified for the Board with the submission of the 2021-22 First Interim Budget Report.

We want to acknowledge and express our appreciation to the District staff, the Board, and the community for their continued diligence and hard work. If you have any questions or concerns regarding our review process, please feel free to call me at (510) 670-4140.

Sincerely,



L.K. Monroe
Alameda County Superintendent of Schools

cc: Board of Education, Piedmont USD
Randall Booker, Superintendent, Piedmont USD
Ruth Alahydroian, Chief Financial Officer, Piedmont USD
Cheryl Wozniak, Assistant Superintendent, Educational Services, Piedmont USD
Dr. Candi Clark, Associate Superintendent of Business Services, ACOE
Ingrid Lainez Roberson, Acting Associate Superintendent of District & School Support, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director, District Advisory Services, ACOE