



# Alameda County Office of Education

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L. K. Monroe Superintendent of Schools

April 25, 2022

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

RE: 2021-22 Second Interim Budget Report

Dear President Smegal,

Our students deserve every opportunity to thrive and achieve, and that essential charge requires districts to be able to offer high-quality programs, facilities, technology and the ability to recruit and retain a diverse and qualified educator workforce. The work of achieving fiscal stability is absolutely critical to any district's ability to attain these outcomes and must always be the frame through which important fiscal actions are viewed.

Our ACOE mission is to ensure that local school boards and school leaders have the critical information needed to make well-informed decisions that ultimately allow them to best serve their students and lead to their success in the classroom and beyond.

Pursuant to Education Code (EC) Section 42131(a)(1), at each interim reporting period the governing board (Board) of a school district is required to certify whether the district is able to meet its financial obligations for the remainder of the fiscal year and the following two years based on the financial and budgetary reports required by EC Section 42130 and may also include additional financial information known to the Board.

The Piedmont Unified School District (PUSD or District) filed a POSITIVE certification of the District's 2021-22 Second Interim Budget Report based on standards and criteria for fiscal stability adopted by the State Board of Education pursuant to EC Section 33127. This Positive Certification is assigned to any district that will meet its financial obligations for the current and subsequent two fiscal years, including maintaining reserves equal or above the minimum required Reserve for Economic Uncertainties (REU).

Based on the Alameda County Office of Education's (ACOE) required review and analysis, the Second Interim Budget Report approved by PUSD's Board on March 9, 2022, accurately reflects the financial status of the District based on the budget assumptions and the Board's actions outlined below. ACOE, therefore, concurs with the District's POSITIVE certification.

## **Multi-Year Budget Projections, Deficit Spending, and Declining Enrollment**

PUSD's 2021-22 Second Interim Budget Report and Multi-Year Budget Projection (MYP) requires the District to closely monitor the following items to ensure it is able to meet its financial obligations in the current and two subsequent fiscal years to maintain its Positive certification:

- PUSD is projected to deficit spend in the Unrestricted General Fund \$1.4 million, \$867,697, and \$24,106 in 2021-22, 2022-23 and 2023-24, respectively. In 2022-23, PUSD projects reductions of 3 FTE each in Certificated and Classified staffing, equivalent to a total of \$429,857 in reductions, to align to the District's lower enrollment, as well as the elimination of staffing and contracts associated with one-time revenues. The District projects an additional \$57,427 in reductions to Classified staff in 2023-24, and on-going unidentified budget reductions of \$201,000 in 2022-23 and an additional \$1,376,000 in 2023-24. With the inclusion of these reductions, the District is projecting reserves of 4.38% in 2021-22, and 3.00% in both 2022-23 and 2023-24.

On March 9, 2022, the Board approved Resolution 22-2021-22 Recognition of Possible Need for Budget Adjustments in Fiscal Year 2022-23 and Beyond. ACOE commends the Board for identifying the potential need for budget adjustments of \$201,000 in 2022-23 and \$1,376,000 in 2023-24 in order to meet its 3% required reserve, should the estimates for a higher COLA and/or the proposed ADA relief not materialize in the enacted state budget. However, since the projected reserve levels in the out years do not leave room for unexpected and unforeseen emergencies that could impact the General Fund's Ending Fund Balance, the District should also be prepared to make additional budget adjustments to ensure adequate reserve levels are maintained at all times.

- The District has experienced declining enrollment since 2016-17, with enrollment declining by 218 students from 2,567 in 2019-20 to 2,349 in 2021-22. Further, the District projects an additional decline of 80 students by 2023-24. The District's declining enrollment combined with the expiration of the ADA hold-harmless provision in 2022-23 subjects the District to a loss of funded ADA of an estimated 235 students for that year. ACOE acknowledges that the 2022-23 Enacted State Budget is anticipated to contain some form of ADA relief which may spread out the reduction in LCFF revenue over several years. However, PUSD should continue to closely monitor its enrollment and ADA and be prepared to implement contingency plans if enrollment continues to decline and/or legislative relief fails to materialize.
- The District borrowed \$5 million from the County Treasury in October 2021 to be repaid with property tax receipts in April 2022. The District is projecting an ending cash balance in the General Fund of only \$2.5 million at June 30, 2022, with an average estimated monthly payroll of \$3.2 million. As previously communicated to the Board, the District's reliance on local funding through parcel taxes and local donations requires the Board to closely monitor the District's cash position, and be prepared to arrange for borrowings or make timely budget adjustments to ensure that all monthly obligations are met.

### **Collective Bargaining**

On January 12, 2022, ACOE received the Public Disclosure of Collective Bargaining Agreement (CBA) between PUSD and the Association of Piedmont Teachers (APT) for a Tentative Agreement (TA) approved by the Board on January 6, 2022, with an ongoing 2.5% increase to the salary schedule retroactive to July 1, 2021.

Additionally, on February 9, 2022, the Board approved a TA with the Association of Piedmont School Administrators (APSA). Pursuant to EC 42142, within 45 days of adopting a collective bargaining agreement, the District shall forward to ACOE any revisions to the current budget that are necessary to fulfill the terms of the agreement. ACOE did not receive a separate submission for this TA; however, the fiscal impact has been incorporated into the Second Interim Budget Report. According to the documents found on the Board’s agenda, the TA was approved with the following terms:

- Salary – a 2.5% increase to the salary schedule retroactive to July 1, 2021;
- Health & Welfare –medical and dental benefits are capped at the same level as APT and/or the California School Employees Association (CSEA). Therefore, effective December 1, 2021, the District’s contributions to health and welfare premiums, prorated by FTE, increased by \$500 for employee-only, \$800 for employee-plus-one, and \$1,000 for a family. In addition, cash payments in lieu of health and welfare benefits increased \$500 to \$2,800.

Per PUSD’s Public Disclosures of CBA and the TAs with APT and APSA, the estimated combined fiscal impact of these agreements will be funded by revenue from the Measure H Parcel Tax (Educator Retention) and the Unrestricted General Fund, and are already incorporated into the District’s Second Interim Budget Report, as follows:

<b>Description</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>Cumulative Cost over 3 years</b>
One-Time Fiscal Impact	\$0	\$0	\$0	\$0
Ongoing Fiscal Impact-APT	\$528,205	\$544,488	\$549,946	\$1,622,639
Ongoing Fiscal Impact-APSA	\$97,420	\$108,213	\$109,540	\$315,173
<b>Total Fiscal Impact</b>	<b>\$625,625</b>	<b>\$652,701</b>	<b>\$659,486</b>	<b>\$ 1,937,812</b>

Upon review of PUSD’s 2021-22 Second Interim Budget Report and the Public Disclosures, it appears the District will be able to meet its REU of three percent (3%) for the current and subsequent two years, if the budget-balancing solutions mentioned above are implemented as projected in the accompanying MYP.

### **Conclusion**

ACOE recognizes the pivotal role our educational leaders hold for our community and our children. These continue to be unprecedented times as our districts continue to respond swiftly to new scenarios to ensure the safety of our students and faculty. We appreciate the Board’s continued efforts in upholding its fiduciary responsibilities while maintaining services for those

most in need. ACOE looks forward to working with the PUSD staff as we continue to move on the endemic road ahead.

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 reach out to my office 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 Alahydoian, Assistant Superintendent Business Services, Piedmont USD  
Dr. Candi Clark, Associate Superintendent of Business Services, ACOE  
Shirene Moreira, Chief of District Business & Advisory Services, ACOE  
Joan Laursen, Director, District Advisory Services, ACOE