

2020-21 2nd Interim Report

Piedmont USD Budget Advisory Committee

March 4, 2021

Agenda

- Introductions
- Purpose of BAC
- 2nd Interim Report – 2020-21 Budget Update
- Multiyear Projections
- State Funds for Reopening and Extended Learning
- Discussion / Comments / Questions
- Adjourn

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.

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

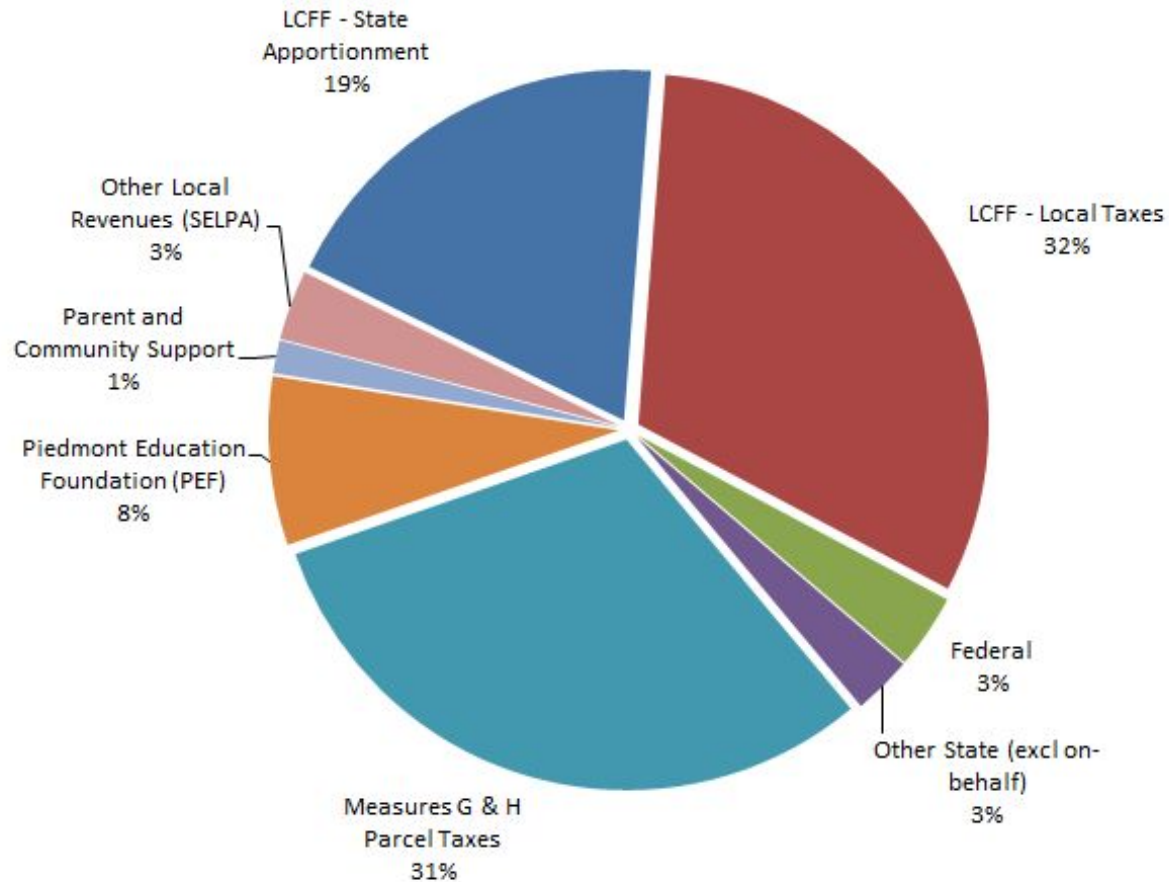
- For 2020-21, the projection is that the District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The projections for the next 2 years assume the Dept of Finance's projected COLA increase in funding from the State and a continued decline in enrollment.
- The District is protected from the enrollment decline next year, but will need to rightsize and adjust spending in 2022-23.
- As current year COVID funding ends and new one-time funds become available, the District will need to decide most appropriate use of funds.

What is a Positive Certification?

- Ed Code 42131 requires each school district to maintain 3% of its General Fund Expenditures as a Reserve for Economic Uncertainty (REU). This is considered a financial obligation.
- At the 1st and 2nd Interim Reporting Periods, the District must certify whether its financial condition is:
 - **Positive** – The District will meet its financial obligations for the current and 2 subsequent years.
 - **Qualified** – The District may not meet its financial obligations for the current and 2 subsequent years.
 - **Negative** – The District will not meet its financial obligations for the current and 2 subsequent years.
- If the District self-certifies as anything other than “Positive”, the ACOE will require the Board to provide a plan that will bring the budget back into balance by the 2nd Interim Reporting Period.

Revenues

- 72% of revenues are from local sources.



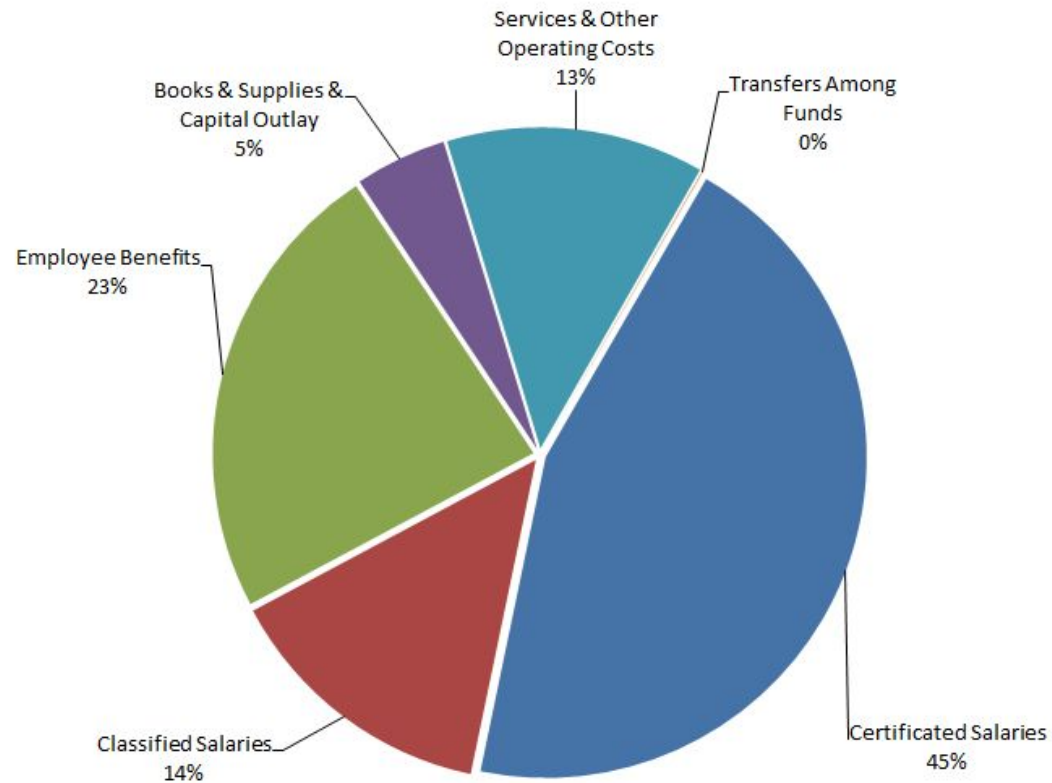
2020-21 Changes in Revenue

- The 2020-21 Budget was adopted in June 2020 and will be revised throughout the year. The table below identifies the changes to revenues over the past 5 months.
- \$66K more in restricted funding through LCFF, State and local.

REVENUES \$ in millions	Adopted Budget 6/30/2020	State Budget Impact 8/12/2020	U.A. Impact 9/9/2020	October Update 10/14/2020	First Interim 12/15/2020	Second Interim 3/10/2021	Working Budget 3/10/2021
Original Revenues	\$42.95						\$42.95
LCFF - COLA at 0%		\$1.73				\$0.04	\$1.77
Federal - LLM		\$0.84					\$0.84
State - LLM		\$0.19				\$0.00	\$0.19
Federal - Title 1					-\$0.03		-\$0.03
Local - Adjustment					-\$0.02	\$0.03	\$0.01
New Total Revenues	\$42.95	\$2.76	\$0.00	\$0.00	-\$0.05	\$0.07	\$45.72

Expenditures

- 82% of expenditures are salaries and benefits.



EXPENSES

2020-21 Changes to Expenditures

- The table below shows the adjustments to expenditures over the past 7 months.
- We have further adjusted certificated salaries to accommodate leaves, add'l hours, and increased the budget for costs associated w/ SPED, comm director, and plant preparations.

EXPENDITURES \$ in millions	Adopted Budget 6/30/2020	State Budget Impact 8/12/2020	U.A. Impact 9/9/2020	October Update 10/14/2020	First Interim 12/15/2020	Second Interim 3/10/2021	Revised Budget 3/10/2021
Original Expenditures	\$41.76						\$41.76
Certificated Salary - New/Adj/Raise		\$0.82			-\$0.20	\$0.28	\$0.91
Classified Salary Adj/Raise		\$0.19			\$0.15	-\$0.08	\$0.25
Benefits - Due to Raise, Add'l Staff, Adjmts		\$0.22			-\$0.10	-\$0.13	-\$0.02
Carryover/Prior year funds			\$0.68				\$0.68
LLM Funds (COVID Relief)				\$1.03	-\$0.04		\$0.99
Increased costs for SPED; other svcs						\$0.31	\$0.31
New Total Expenditures	\$41.76	\$1.23	\$0.68	\$1.03	-\$0.19	\$0.38	\$44.89

Net Change to Fund Balance

FUND BALANCE	Adopted Budget	State Budget Impact	U.A. Impact	October Update	First Interim	Second Interim	Revised Budget
\$ in Millions	6/30/2020	8/12/2020	9/9/2020	10/14/2020	12/15/2020	3/10/2021	3/10/2010
Beg. FB	\$1.73		\$1.00			\$0.00	\$2.73
Revenues	\$42.95	\$2.76			-\$0.05	\$0.07	\$45.72
Expenditures	\$41.76	\$1.23	\$0.68	\$1.03	-\$0.19	\$0.38	\$44.89
Ending FB	\$2.93	\$1.53	\$0.32	-\$1.03	\$0.14	-\$0.32	\$3.57
Cash/Restricted	\$0.03		\$0.12		\$0.01	\$0.01	\$0.18
Committed (MeasH)	\$1.34				-\$0.11		\$1.23
Other Designations			\$0.38			\$0.10	\$0.48
3% Reserve	\$1.25	\$0.04	\$0.03	\$0.02	-\$0.01	\$0.01	\$1.35
Above (Below) Reserve	\$0.30	\$1.49	-\$0.21	-\$1.05	\$0.24	-\$0.34	\$0.33

News on State Revenues

The Governor and State legislature have agreed on language. Funds will be available to school districts who are reopening.

- AB 86 - **Reopening Grant**: (est. \$500,000)
 - Backfill existing expenses
 - Possibly for COVID testing of students
- AB 86 – **Extended Learning Grant**: (est. \$1.5 M)
 - Broadly available to extend opportunities for learning from now through August 2022.
 - Expect to use for summer school and possibly other needs for next year.

General Fund - Multiyear

- The following assumptions were used in the MYP:

Assumption	2020-21	2021-22	2022-23
Enrollment	2,461	2,395	2,323
Estimated ADA	2,396	2,328.53	2,258.53
ADA used for LCFF calculations	2,495.67	2,496.12	2,328.53
Cost of Living Increase (COLA) for LCFF per pupil funding	0%	3.84%	2.98%
COLA for increase in other State revenues	0.98%	1.28%	1.61%
Natural progression (Step & Column) in Employee Salaries	APT: 1.25% CSEA: 1.00%	APT: 1.25% CSEA: 1.00%	APT: 1.25% CSEA: 1.00%
STRS Rate	16.15%	15.92%	18.00%
PERS Rate	20.70%	23.00%	26.30%

General Fund - Multiyear

MULTIYEAR PROJECTIONS - 2020-21 2nd Interim			
	2020-21	2021-22	2022-23
Total Revenues	\$ 45,721,228	\$ 44,961,176	\$ 44,688,036
Total Expenditures	44,894,048	43,465,174	43,924,882
Add'l Adjustments			(390,000)
Net Surplus (Deficit)	827,180	1,496,002	1,153,154
Beginning Balance	2,733,307	3,560,487	5,056,489
Ending Fund Balance	\$ 3,560,487	\$ 5,056,489	\$ 6,209,643
Required Reserve	1,346,821	1,303,955	1,306,046
Other Reserved Amts	176,348	25,000	25,000
Other Designations	382,000	382,000	-
Measure H Reserve (from 20-21)	1,232,246	1,232,246	1,232,246
Measure H (avail 2021-22)		1,558,483	1,558,483
Measure H (avail 2022-23)			1,543,949
Mac-Books & Staffing (2020-21)	96,165	96,165	96,165
Mac-Books & Staffing (2021-22)		222,660	222,660
Mac-Books & Staffing (2022-23)			222,660
Reserve for COVID & Reopening	326,907	235,980	2,433
TOTAL ENDING FUND BALANCE	\$ 3,560,487	\$ 5,056,489	\$ 6,209,643

Add'l Elements of MYP

To identify whether additional reductions are needed, we start by eliminating those expenditures that we know were one-time, or those that are related to the number of students.

Assumptions about:	2021-22	2022-23
Certificated Employees	Eliminate one-time positions Reduce 2.0 FTE for rightsizing Keep add'l .6 FTE nurses	Reduce 3.0 FTE for rightsizing
Classified Employees	Eliminate one-time positions Keep add'l 3.5 FTE health clerks	Reduce 3.0 FTE for rightsizing
Books and Supplies	Eliminate one-time purchases from COVID funds	
Services & Other Operating Expense	Eliminate one-time contracts from COVID funds	

Hold in Fund Balance

Some expenses have not been incorporated into the budget yet. Funds are set-aside in the Ending Fund Balance to cover these expenses.

Designated for:	2020-21	2021-22	2022-23
Measure H	\$1,232,246	\$2,790,729	\$4,334,678
Mac-books & related staffing	\$96,165	\$318,825	\$541,485
VRF improvements	\$280,000	\$280,000	0
In Case Adult Ed and Cafe funds depleted	\$102,000	102,000	0
COVID/Reopening costs	\$326,907	235,980	\$2,433
TOTAL	\$2,087,318	\$3,727,534	\$4,878,596

Next Steps

March →	<ul style="list-style-type: none">• BAC Meeting to review 2nd Interim• 2nd Interim Report presented with budget solutions for 2021-22• If required, Board takes action on reductions for 2021-22 that involve positions• If required, March 15 notices mailed
April →	<ul style="list-style-type: none">• Board develops District Goals and Budget Priorities for 2021-22• BAC develops recommendations to Board for 2021-22
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 2021-22
June	<ul style="list-style-type: none">• Board holds public hearing on draft budget• Final budget adopted by Board

Acknowledgments

Thank you to the Business Services Team!

Suzanne Binder

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Terra Salazar

Budget Progress Updates

- The following updates have been provided to the Board and community on the 2020-21 budget:
 - June 30 Budget Adoption
 - August 12 Update revenues based on Final State Budget
 - September 9 Update beginning balances based on closing the books for 2019-20
 - September 17 Budget Advisory Committee (BAC) – 2019-20 Closing & Budget Basics
 - September 30 Learning Continuity Plan reviewed and adopted by Board
 - October 14 October Budget Update to Board
 - October 15 BAC - Revenues
 - November 5 BAC - Expenditures
 - December 10 BAC – 2020-21 Budget Update & MYP
 - December 15 1st Period Interim
 - January 27 Update on Governor's Budget Proposal