



Budget Advisory Committee 2021-22

Governor's Budget for 2022-23
January 24, 2022

Agenda

- Introductions & Purpose of BAC
- 2022-23 Governor's Budget Proposal
- Adjustments to Multiyear Projections
- Process of Developing the 2022-23 Budget
- Questions
- Adjourn

Acknowledgements

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

Fiscal

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Jennifer Stahl

Shamaree Worley

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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.

Governor's Proposal for 2022-23 Budget

Highlights

- State Revenues are in good shape, which increases required Proposition 98 funding to schools.
- COLA is estimated to be 5.33%
- Continued investment in TK, SPED and free breakfasts and lunches
- Facilities program will get a boost.

State Revenues

Base / On-Going

Proposition 98

LCFF Formula

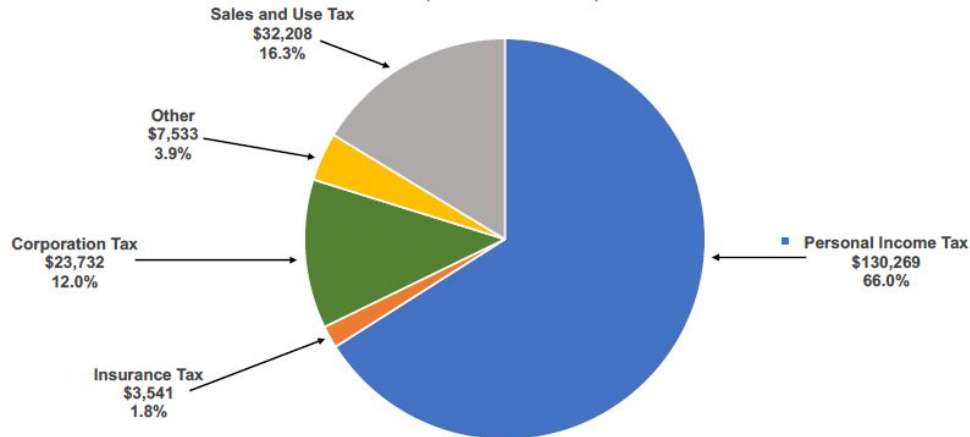
SPED

State Revenues and School Funding

- Proposition 98 requires 38% of new revenue to be allocated to schools.
- The Governor and the Legislature decide how much of that goes to on-going versus one-time funding, base funding versus categorical funding.

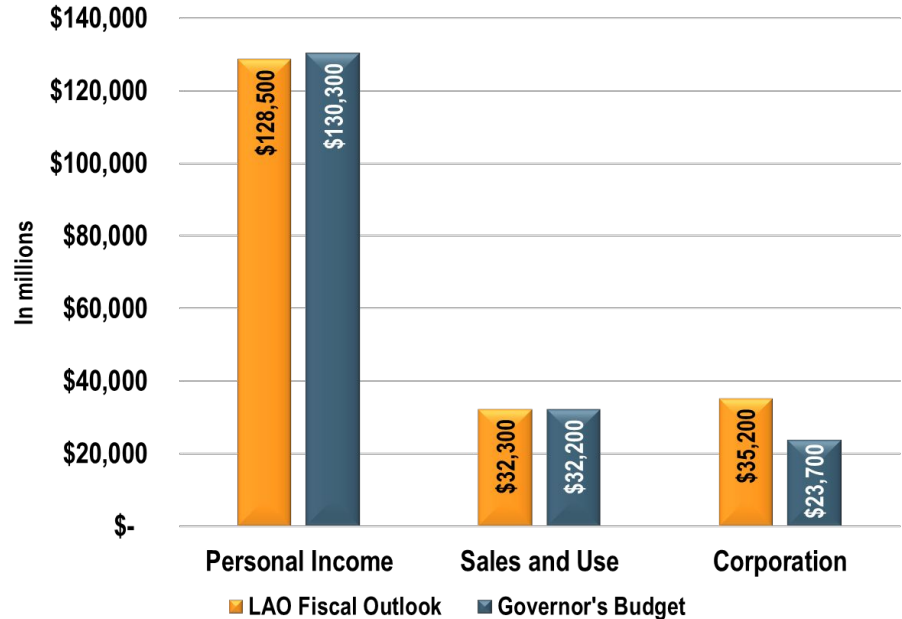
2022-23 General Fund Revenues

(Dollars in millions)



Big Three Tax Revenues

- In 2022-23, over 95% of state general fund revenue comes from the Big Three tax sources
- Personal income tax (PIT) revenues make up two-thirds of state revenues and 70% of the Big Three revenues
- Nearly 50% of state income tax is paid by just 1% of Californians—the state’s highest income earners—making PIT a volatile revenue source



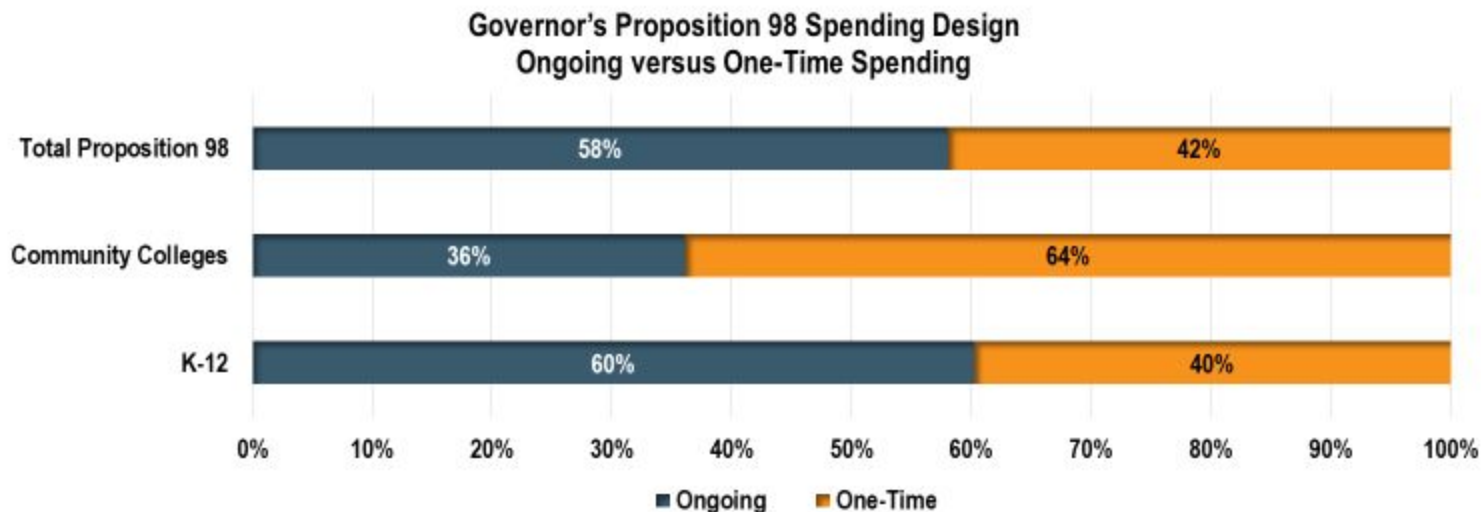
Proposition 98

- The minimum guarantee continues its ascent to new heights, reaching \$102 billion in 2022-23
 - Since its passage, Proposition 98 has increased by over 426%



Proposition 98

- The Governor's spending of new Proposition 98 revenues relies heavily on one-time investments
 - General apportionment formulas for K-12 and community colleges are increasing by COLA only, or 5.33%

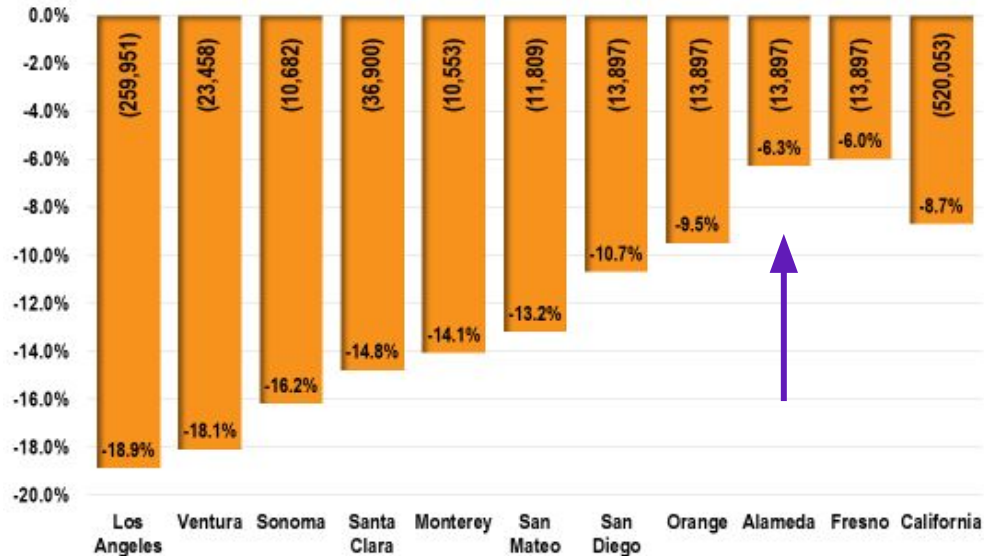


LCFF Funding COLA

- 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 2022-23, the Governor projects it will be **5.33%**
- The increase in COLA from 2.48% to 5.33% increases Piedmont's LCFF revenues by approx. **\$600K**.
- LCFF uses Average Daily Attendance (ADA) for the student count. As enrollment declines, ADA goes down, reducing revenues.

Statewide Enrollment Projections

Declining Enrollment Projections 2021-22 to 2030-31

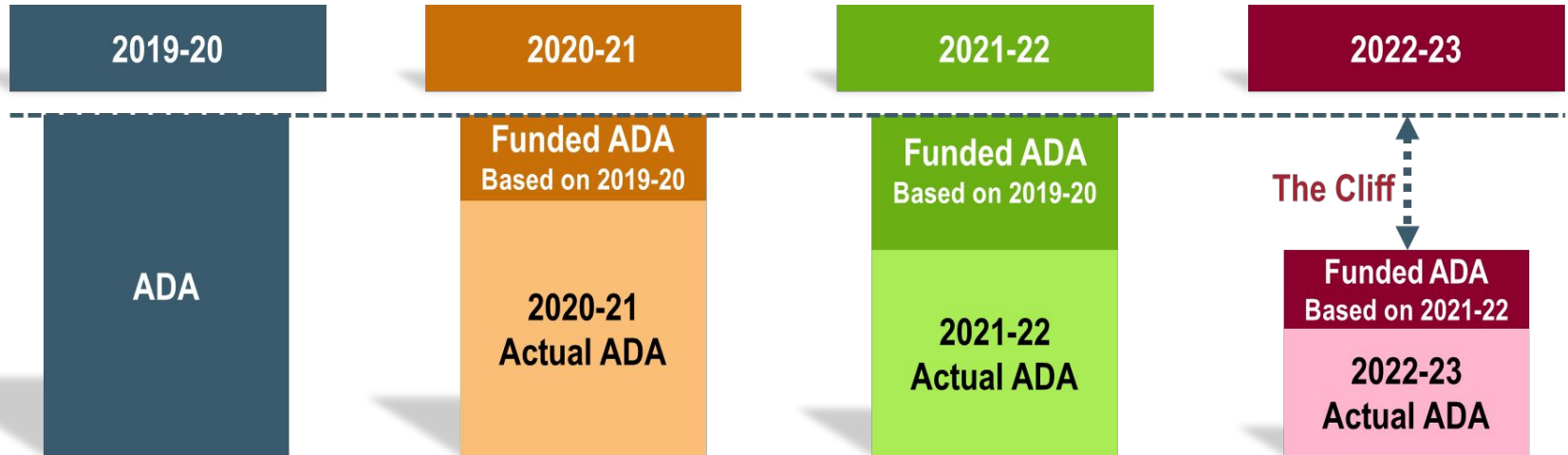


- Most areas in the state are affected by declining enrollment, but to differing degrees:
 - 10 counties are projected to lose 10,000 or more students between 2021-22 and 2030-31
 - 19 counties will lose students at a rate faster than the statewide average of 8.7%
- Enrollment trends for each LEA are unique to the community and student populations they serve
- Enrollment trends impact the bottom line—in the current year and the out-years

Source: Department of Finance

2022-23 ADA "Cliff"

- The ADA “Cliff” has been well-publicized and the subject of many discussions.
- Good news—the Governor and Legislature are listening and hearing your collective voices.



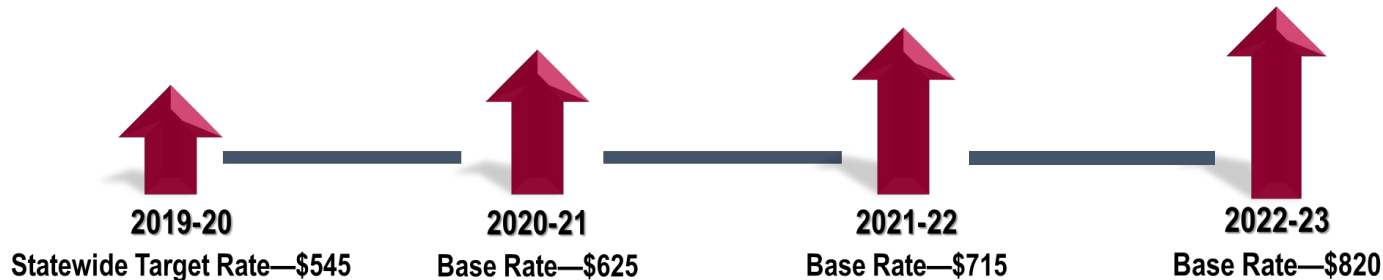
ADA Cliff Proposed Solution

- Several solutions have been proposed, including switching to using Enrollment rather than attendance. The Governor has proposed adding the average of the prior three years of ADA to the two existing options (i.e., greater of... prior year or current year).
- We are not yet sure whether ACOE will allow us to use this adjustment to ADA, but assuming it is approved, here's what it means for us:

Piedmont USD — 2022–23					
Point in Time	COLA	2022-23 LCFF Per-ADA Funding	Methodology	Projected 2022-23 ADA	Projected 2022-23 LCFF Total Revenue
Jan 2022	5.33%	\$9,391	Prior 3 Yr Avg	2,424.99	\$22,773,081
Dec 2021	<u>2.48%</u>	\$9,138	Prior Year	2,282.14	\$20,854,195
Difference:	2.85%	\$253 / \$600K		143 / \$1.3 M	\$1,918,886

Special Education Funding

- Special education is funded by a combination of unrestricted funds that are available for all students and federal and state funds specifically for students with special needs.
- An Increase in funding for SPED could reduce the amount of unrestricted funds are contributed for SPED specific expenditures.
- The difference in base rate results in approximately \$250,000 in additional funding.



State Revenues

On-time and/or Categoricals

Universal meals

Universal Transitional Kindergarten

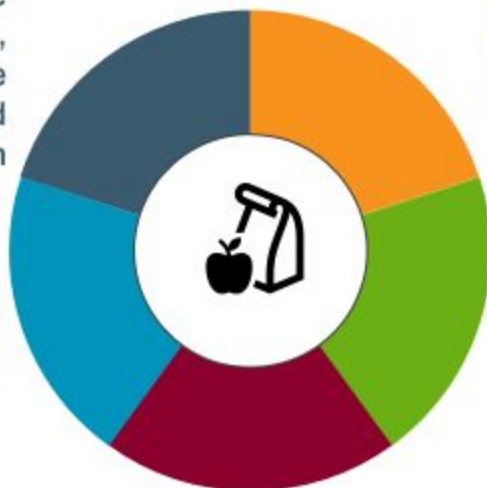
Other Programs

Universal Meals Program

Beginning in 2022-23, LEAs must provide free breakfast and lunch each school day to any student requesting a meal, regardless of free or reduced-price meal eligibility

In order to receive state reimbursement for the two meals, LEAs must participate in both the National School Lunch Program and School Breakfast Program

LEAs with defined high-poverty schools are also required to adopt a universal meal service provision, such as the Community Eligibility Provision or Provision 2



State intends to reimburse LEAs at the free meal rate, minus federal and state reimbursements for meals

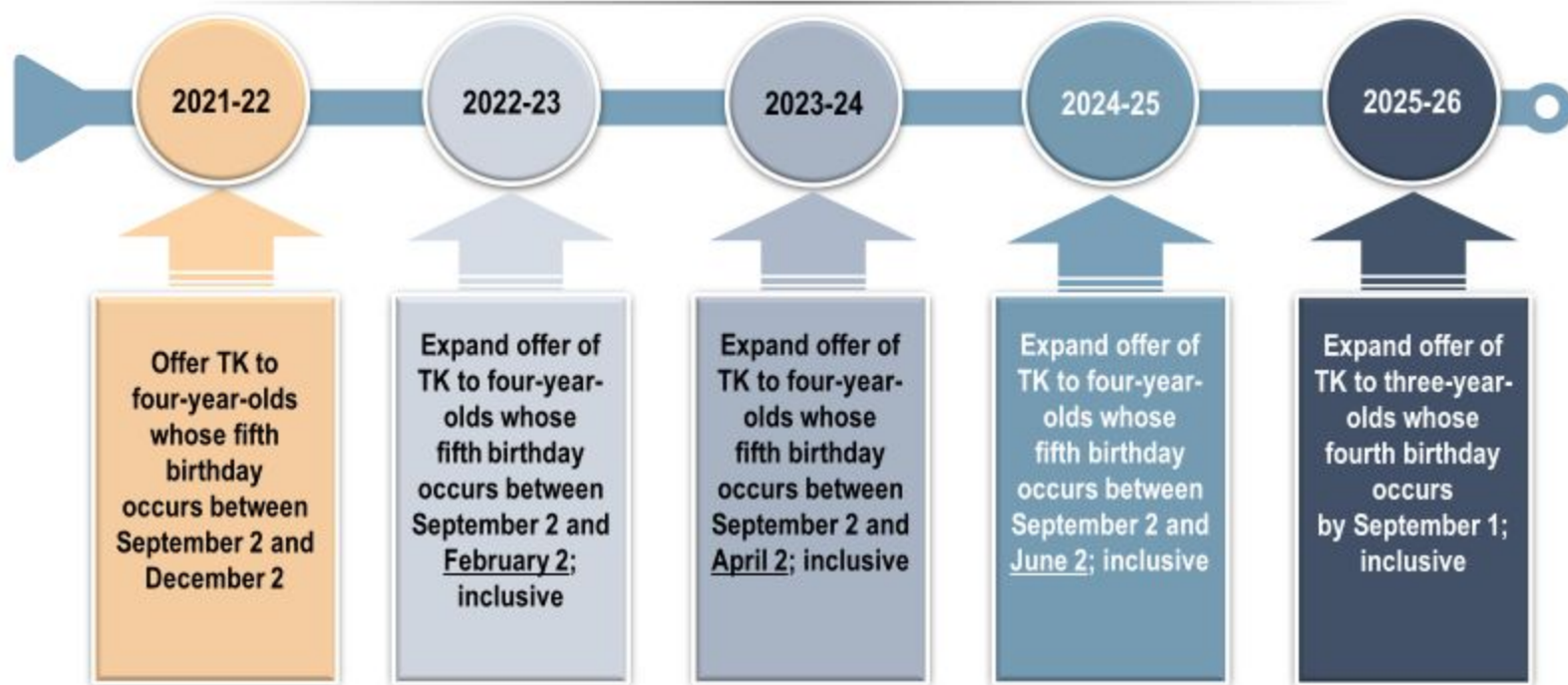
All meals served must meet federal requirements for nutrition and reimbursement

There is no waiver for the program

Piedmont USD Plans

- Currently - do not participate in NSLP, but offer lunch:
 - Elementary - through a vendor
 - Secondary - prepared in house and sold a la carte.
- Planning for next year:
 - Elementary - breakfast and lunch provided through a vendor - will need parent support to select vendor
 - Secondary - breakfast and lunch prepared in house but offered as NSLP compliant meals
 - Communications with families - over the next 4 weeks
 - Planning to pilot a menu secondary in April
- Budget implications:
 - State will reimburse at the State rate (approx. \$5 per day per student who participates)
 - Will watch costs and participation carefully to monitor solvency.

Legal Requirements of Universal TK



Education Code Sections (EC §) 48000(c)(1)(C)—(G)

Facilities

- The Governor has proposed to contribute \$2.225 billion into the State School Facilities Program.
- This accelerates the funding of projects on the "unfunded" list. Otherwise, projects are not funded until a statewide bond passes.
- For Piedmont, we expect to receive \$6.9 M
 - \$2.4 Million to repay the loan for the remaining H1 costs.
 - \$4.5 million to apply towards other bond-eligible projects such as Witter Field

Summary of Major K-12 Spending Proposed

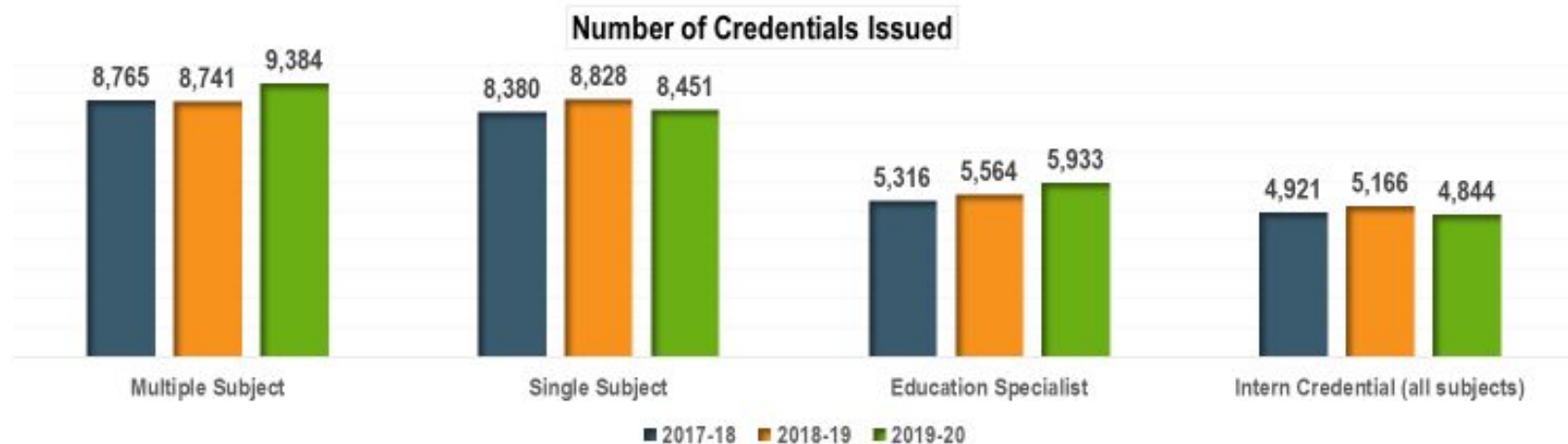
- \$3.4 billion for the Expanded Learning Opportunities Program (ELOP)
- • \$3.3 billion for a 5.33% COLA to LCFF
- • \$650 million for universal access to school meals
- • \$640 million (Prop 98 “rebenched”) for transitional kindergarten expansion
- • \$500 million to increase the special education base funding formula
- • \$295 million for 5.33% COLA for certain categorical programs
- \$3.1 billion (one-time) to Prop 98 reserve
- - • \$2 billion (one-time) for college and career pathways
- \$1.5 billion (one-time) to support electric buses
- • \$1.3 billion (GF one-time) to support the School Facilities Program

What's not in the Budget?

- Pension relief
 - STRS increases from 16.92 to 19.10% (2.18% increase)
 - PERS increases from 22.91% to 26.10% (3.19% increase)
- COVID-related funding
- Mental health funding

The Teacher Shortage—Is There Progress?

- Despite the demand for more educators, the number of credentials issued over a three-year period does not indicate that the number of highly qualified teachers entering the workforce is keeping pace with the demand
 - Multiple Subject and Educational Specialist credential issuances reflect an increase while Single Subject and Intern credentials issued (all subject areas) decreased



Source: California Commission on Teacher Credentialing

Multiyear Projections

MYP

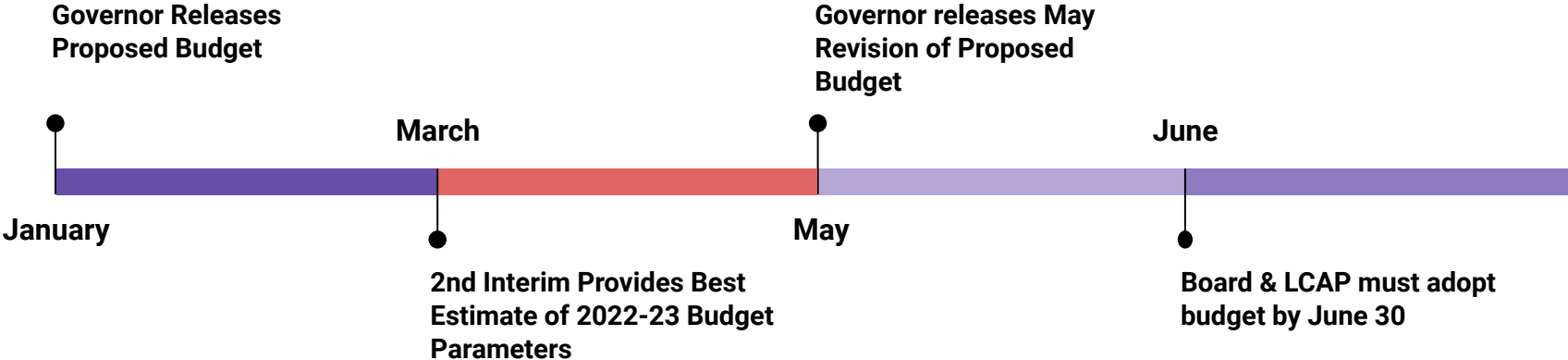
Budget gap is eliminated for 2022-23
and 2023-34.

Multiyear projections

	2021-22	2022-23	2023-24
Governor's Budget			
Beginning Balance	4,715,595	3,618,465	3,029,360
Revenues	48,111,387	46,672,056	47,686,736
Expenditures	-49,208,517	-47,261,161	-47,552,302
GAP - Unidentified Cuts		0	0
Ending Balance	3,618,465	3,029,360	3,163,794

Budget Timeline

2022-23







Expenditure Projections

- Staffing projections based on retirements and enrollment
- Review existing one-time expenditures
 - COVID related expenses
 - Summer school
 - Tutoring
 - Elementary: *Add'l counseling time; Add' reading and math specialists; Add'l Instructional para-educators*
 - Secondary: *Reading specialist; SPED placements*
- Review LCAP goals and actions

Enrollment Projections

- Capacity versus enrollment
- Break-even to open a new class or section: 13 students
- **Elementary:** up to 217
- **PMS:** up to 174
- **High School:** up to 82

Next Steps

January 	<ul style="list-style-type: none"> • Governor’s Budget released 1/8 & 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 2022-23 • If required, Board takes action on reductions for 2022-23 that involve positions • If required, March 15 notices mailed
April 	<ul style="list-style-type: none"> • Board develops District Goals and Budget Priorities for 2022-23 • BAC develops recommendations to Board for 2022-23
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