

Budget Advisory Committee

May Revision and 2023-24 Budget Update

May 18, 2023

Agenda

- Introductions & Purpose of BAC
- Governor's May Revision to 2023-24 Budget
- Impact on PUSD 2023-24 Budget
- Discussion / Comments / Questions
- Suggestions for next year's BAC meetings
- 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.

Budget Development Process

- We are in the final stretch of budget development for 2022-23.
- The Board will hold a public hearing and the budget adoption meeting in June.

Initial Budget - December 2022

All current year ongoing revenues are carried forward and one-time revenues are eliminated.
All current year expenditures are carried forward and one-time costs are eliminated.

Revised - March 2023

Adjustments are made based on Governor's Budget Proposal and enrollment projections.

Fine-Tune - May 2023

Revenues are adjusted to the updated information from the May Revision. Final staffing and other costs are incorporated into costs.



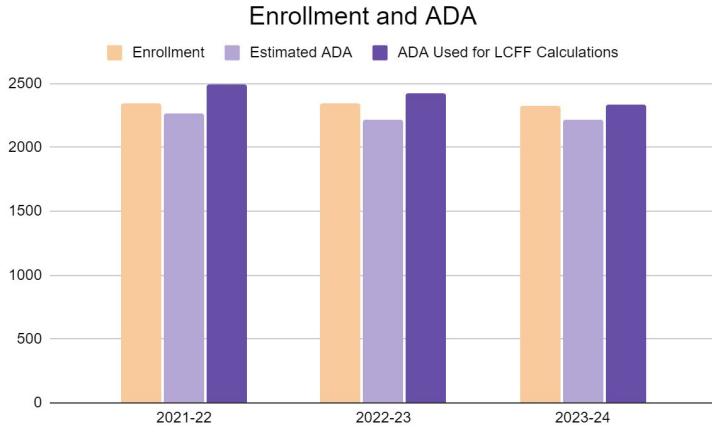
Headlines

- Governor solves the State's 2023-24 budget gap by taking back funds allocated to school districts in 2022-23. Net impact from January proposal is **-\$300K**.
- COLA of 8.22% is proposed to be funded. Increase to District's LCFF is 4.35%, which is 50% of District revenues. Net dollar impact from January proposal is **-\$28K**
- Uncertainty on rules around Prop. 28 Arts funds reduces access to apply funds to budget by **-\$267K**
- TK expansion and Universal Meals will continue to be funded.

LCFF Funding

The May Revise confirms the COLA at 8.22%.

- Net difference from 2nd Interim Projections is -\$28K. Gain of \$22,000 offset by adjustment to ADA based on P-2 (April 2023).
- Increase over 2022-23 is \$1,110,598. This is a 4.35% increase in LCFF revenues.
- LCFF is only 50% of District's revenues; other revenues will not increase at the same rate.



| 23-24 LCFF Projections | 2nd Interim | P-2 ADA Adj | May Revise |
|-----------------------------|--------------|------------------|------------------|
| COLA | 8.13% | 8.13% | 8.22% |
| Funded ADA | 2,337.16 | 2,331.46 | 2,331.46 |
| LCFF | \$26,653,316 | \$26,602,823 | \$26,624,587 |
| Difference from 2nd Interim | | -\$50,493 | -\$28,729 |

State Budget Solutions

Two of the Governor's solutions to the State budget gap are to claw back funds that have already been allocated to schools in 2022-23:

- AMIM Block Grant - plans to take back 50%
 - In January, proposal was to take back 30%.
 - For Piedmont, \$1.5 M reduced by \$750K - this is **\$250K** more than expected.
- Learning Recovery Emergency Block Grant - plans to take back 30%
 - This one is new.
 - For Piedmont, **\$167 K reduced by \$50 K.**
- Because we have already received these funds, and spent them, we need to set-aside the equivalent amounts in the **Ending Fund Balance.**



3rd Interim for 2022-23

- Because of Governor's January proposal to clawback the AMIM grant and slowness in funding other 2022-23 commitments (transportation and facilities), the 2022-23 budget will not meet **3% reserve** requirement.
- As a result, the District's 2nd Interim Report was "**Qualified**", requiring a 3rd Interim Report to be prepared.
- The **3rd Interim** gives us a better idea of how we will end the year, rather than waiting until we close the books.

Changes from 2nd Interim

Revenues:

| | |
|------------------|--|
| \$ 36,845 | LCFF - SPED Adj from other districts |
| 29,501 | Fed - funds received after expended |
| (21,525) | State - adjustments |
| (434,384) | STRS-on-behalf adjustment |
| 227,455 | Local - increase in parent contributions |
| <u>(14,823)</u> | SELPA - reduction in per pupil calcs |
| (176,931) | Net reduction to Revenues |

Expenditures:

| | |
|------------------|--|
| (\$209,022) | Salaries & Benefits - closing vacant positions and related benefits. |
| (434,384) | STRS on-behalf adjustment |
| (76,162) | Books & Supplies - reduced unused POs |
| 172,647 | Services - net increase, mostly utilities; some related to incr in contributions |
| (151,812) | Capital Outlay - moved to State facilities funds facilities expected by 6/30 |
| <u>(144,574)</u> | Transfers to Other Funds - reduced due to state funds for Kit infrastructure and facilities. |
| (843,307) | Net Reduction to Expenditures |

2022-23 3rd Interim Financials

| | Ending Fund Balance | | |
|----------------------------|---------------------------|--------------------------|--------------------------|
| | 2022-23 Second Interim | 2022-23 Third Interim | Difference Jan -->May |
| Beginning Balance | \$ 4,888,296 | \$ 4,888,296 | \$ - |
| Revenues | 52,509,962 | 52,333,031 | (176,931) |
| Expenditures | (55,720,926) | (54,877,619) | 843,307 |
| Rev-Exp = Surplus(Deficit) | (3,210,964) | (2,544,588) | 666,376 |
| Ending FB | 1,677,332 | 2,343,708 | 666,376 |
| Restricted & Revolving | 897,777 | 1,133,847 | 236,070 |
| Committed/not available | 451,012 | 751,687 | 300,675 |
| 3% Minimum Reserve | 1,671,628 | 1,646,329 | (25,299) |
| Over (Under) Reserve | (1,343,085) | (1,188,155) | 154,930 |

Impacts on 2023-24 Projections

Impacts from 3rd Interim Adjustments:

- STRS on-behalf reduction ~ \$430K
- State facilities funding reduces capital outlay and transfers to other funds.
- Beginning Fund Balance increase ~ \$670K

Impacts from May Revision:

- Prop 28 not in revenues ~ 270K
- Ending Fund Balance includes the AMIM and LR block grant claw-backs ~300K (in addition to 250K)

Updated Projections for 2023-24 Financials

| 2023-24 Budget Projections | | 2023-24 | 2023-24 | Difference |
|----------------------------|----------------------------------|------------------|------------------|------------------|
| | | From 2nd Interim | May Revise | |
| Beginning Balance | | \$1,677,332 | \$2,343,706 | \$666,374 |
| | Revenues | 52,002,007 | 51,155,723 | (846,284) |
| | Expenditures | (51,371,490) | (50,732,260) | 639,230 |
| | Rev-Exp = Surplus(Deficit) | 630,517 | 423,463 | (207,054) |
| Ending FB | | 2,307,849 | 2,767,169 | 459,320 |
| | 3% Reserve Requirement | 1,541,145 | 1,521,968 | (19,177) |
| | Less Restricted + Rev Cash | 414,660 | 482,086 | 67,426 |
| | Less Measure H reserved for CSEA | 320,872 | 320,872 | 0 |
| | Less AMIM & LR Grants held back | 451,012 | 801,817 | 350,805 |
| | Over (Under) Reserve | (419,840) | (359,574) | 60,266 |

Where are we on Budget Adjustments?

- Board authorized position reductions have been incorporated.
- Adjustments to discretionary spending have been incorporated into site and department budgets.
- Special Education Strategic Planning has occurred with site principals, Special Education Director, Asst. Supt., SPED program specialists and business services involved.
- All open positions are being evaluated before being filled.

Calendar

| | |
|-------|---|
| May → | 5/12 Governor releases May Revisions to budget proposal for 2023-24 5/24 Board reviews and approves 3rd Interim Report |
| June | 6/14 Board holds public hearing on LCAP & draft budget 6/28 Final budget adopted by Board |

**Comments or
Questions?**

Suggestions

For Next Year's Budget Advisory
Committee?

Acknowledgments

Thank you to the Business Services Team!

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