

# **2022-23 1st Interim Report**

Piedmont USD Board of Education Meeting  
December 14, 2022

# 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        1<sup>st</sup> Period Interim to ACOE

- March 15                2<sup>nd</sup> Period Interim to ACOE

- June 30                 Estimated Actuals

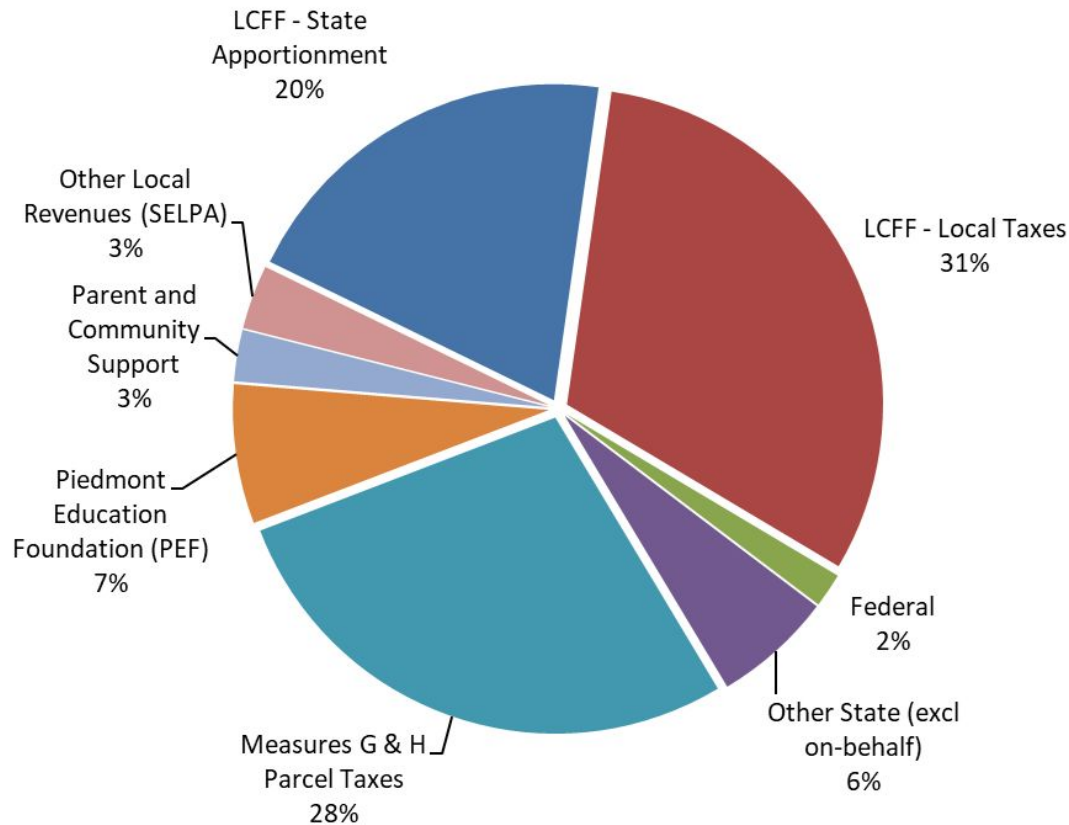
- September 15        Unaudited Actuals

# Headlines

- 2022-23: The District expects to meet all financial obligations, including the requirement for a 3% reserve.
- The salary increases, health benefit increases and one-time payments to staff have **drawn down all available resources**, leaving the District with **no cushion** other than the 3% reserve for the rest of the year.
- The projections for the next 2 years assume a small decline in enrollment and elimination of the one-time revenues and associated programs, PLUS
  - 2023-24: The District will need to make budget adjustments of \$1,100,000.
  - 2024-25: The District will need to make budget adjustments of \$1,150,000.

# Revenues

- 51% is based on the Local Control Funding Formula (LCFF), but of that, only 20% is State Aid. The rest is from local taxes.
- 38% is locally generated - parcel taxes, PEF, parents donations.



**LCFF =**  
**51% of Revenues =**  
**\$25.6 M**

**COLA increase** to per pupil amount from 2021-22 to 2022-23:  
**13.26% =**  
**10.8%** in LCFF revenues for PUSD =  
**\$2.5 M =**  
**5.1%** increase in total revenues

# Changes to Revenues

- LCFF and State revenues are adjusted per final State budget.
- Local contributions for specific uses are incorporated.

General Fund Revenues			
	2022-23 Budget	2022-23 1st Interim	Difference June→Dec
<b>Revenues</b>			
LCFF - Base	\$ 24,663,765	\$ 25,559,252	\$ 895,487
PARCEL TAX REVENUE	13,832,723	13,908,872	76,149
LOCAL REVENUES - PEF	3,550,051	3,550,051	-
LOCAL REVENUES - ALL OTHERS	971,536	1,200,462	228,926
STATE REVENUES	1,094,720	1,193,183	98,463
STATE - One-Time Funds	3,385,590	1,841,330	(1,544,260)
TRFS APPORT FR DISTRICTS (SELPA)	1,662,965	1,636,039	(26,926)
FEDERAL REVENUES	715,518	875,181	159,663
<b>Total Revenues</b>	<b>\$ 49,876,868</b>	<b>\$ 49,764,370</b>	<b>\$ (112,498)</b>
STATE REVENUES - STRS on-behalf	2,367,316	2,367,316	-
<b>Total Revenues Incl STRS on-behalf</b>	<b>\$ 52,244,184</b>	<b>\$ 52,131,686</b>	<b>\$ (112,498)</b>

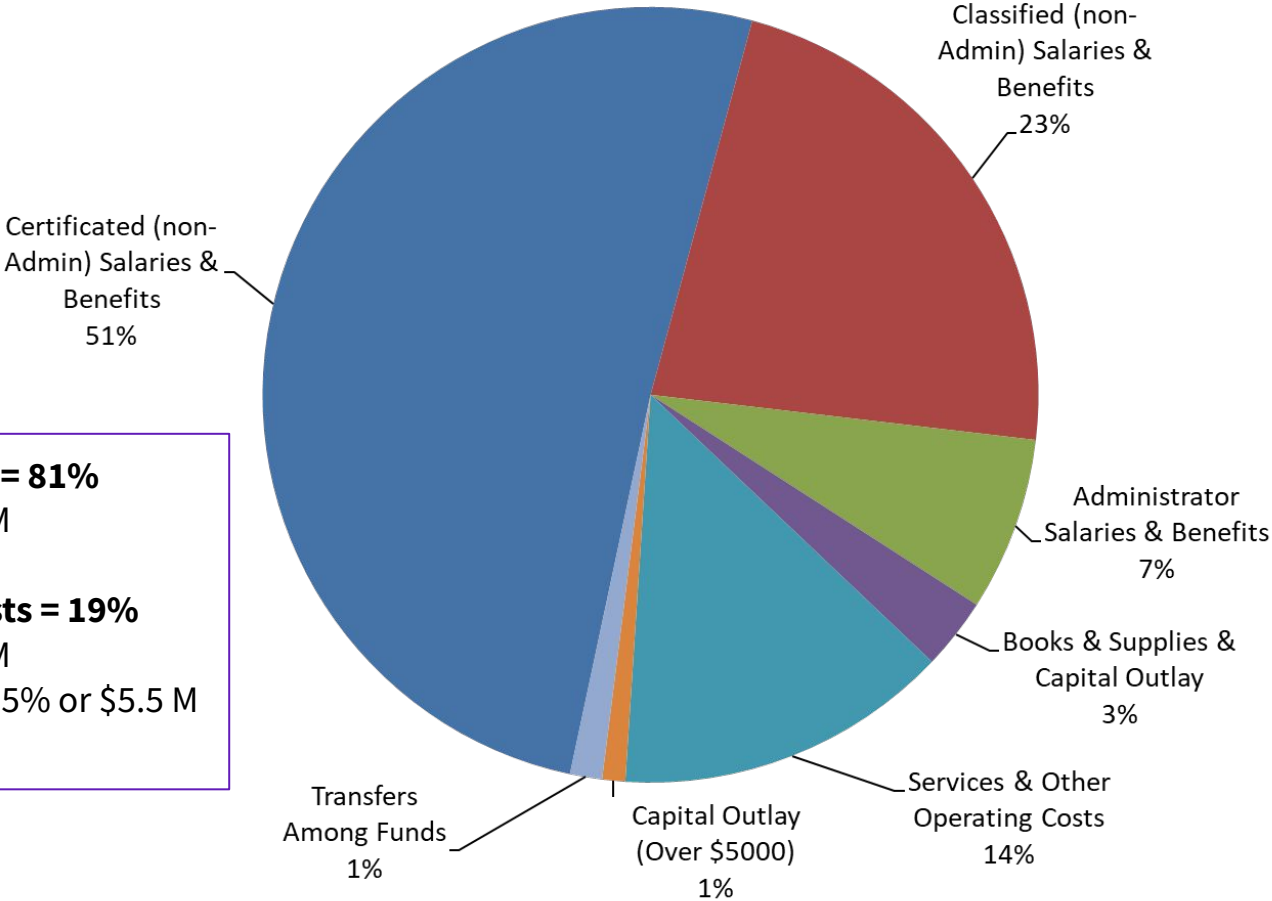
# Use of One-time Grant Funds

In June, after the Governor's May Revise, the State Legislature still had Proposition 98 funds for schools and had to decide how to allocate them.

- Increases to the LCFF formula would be an **on-going** obligation.
- A **one-time** grant would not carry an ongoing burden, but would be a large amount for schools to absorb, on the heels of the COVID relief grants.
- Piedmont assumed less LCFF (**9.85%**), more one-time (**\$3.4 M**).
- The final budget had more LCFF (**13.26%**), less one-time (**\$1.5 M**).
- Use of the funds requires a Board-approved Plan.
- Allowable uses include "Operational Costs".
- The District proposes designating the **\$1.5 M** one-time towards the 3% reserve.

# Expenditures

- 81% of expenditures are salaries and benefits.



**Personnel Costs = 81%**  
81% = \$44 M

**Non-Personnel Costs = 19%**  
19% = \$10 M

Unrestricted portion = 55% or \$5.5 M

# Changes to Expenditures

- The settlements with employee groups are included, increasing salaries & benefits by \$2.4 M, offset by position and vacancy clean-up.
- Non-personnel costs have increased by \$2.1 M.

General Fund - Expenditures			
Expenditures	2022-23 Budget	2022-23 1st Interim	Difference June-->Dec
Certificated Salaries	\$20,119,922	\$ 21,525,246	\$ 1,405,324
Classified Salaries	7,219,069	8,311,461	1,092,392
Benefits	12,197,834	12,140,672	(57,162)
Books & Supplies	1,141,741	1,548,797	407,056
Services/Other Oper.	5,904,675	7,252,353	1,347,678
Capital Outlay	110,617	497,628	387,011
Internal Transfers	678,086	693,797	15,711
<b>Total Expenditures</b>	<b>\$47,371,944</b>	<b>\$ 51,969,954</b>	<b>\$ 4,598,010</b>
STRS On-Behalf	\$ 2,367,316	\$ 2,367,316	-
<b>Total Exp (incl STRS On-Behalf)</b>	<b>\$49,739,260</b>	<b>\$ 54,337,270</b>	<b>\$ 4,598,010</b>



# Why have non-personnel costs increased?

## Books and Supplies:

- **\$407 K** increase in expenditures directly tied to increase in revenue or carryover from prior year.
- When prior year funds are carried over to the new budget, they usually appear in the "books and supplies" category.
- Parent contributions for specific classes and activities *above the original budgeted amount* are recorded in revenues and the budget is set-up in expenditures.

## Services and Other Operating Expenses:

- **\$1.348 M** increase
- Utility costs have increased by \$100,000
- SPED contracts for services, especially out-placements, have increased by \$1.2 M

## Capital Outlay

- **\$387 K** increase
- Witter Field and Elementary VRF projects that will ultimately be funded with State funds had to be funded thru the GF over the summer.

# Net Change to Fund Balance

The increase in expenditures is offset by the increase in fund balance and the availability of one-time funds from the State.

	Ending Fund Balance		
	2022-23 Budget Adoption	2022-23 First Interim	Difference June -->Dec
Beginning Balance	\$ 3,371,316	\$ 4,888,297	\$ 1,516,981
Revenues	52,244,184	52,131,686	(112,498)
Expenditures	(49,739,260)	(54,337,270)	(4,598,010)
Rev-Exp = Surplus(Deficit)	2,504,924	(2,205,584)	(4,710,508)
Ending FB	5,876,240	2,682,713	(3,193,527)
Restricted & Revolving Committed/not available	719,965	850,829	130,864
3% Minimum Reserve	5,057,293	217,126	(4,840,167)
Over (Under) Reserve	1,492,178	1,630,118	137,940
Available from Fund 17	(1,393,196)	(15,360)	1,377,836
	108,000	108,000	-

# General Fund - Multiyear

The Multiyear Projections are updated at 1st Interim with the latest information available. The following assumptions were used in the MYP:

Assumption	2022-23	2023-24	2024-25
Enrollment	2,346	2,336	2,302
ADA used for LCFF calculations	2,425.69	2,354.99	2,277.30
Cost of Living Increase (COLA) for LCFF per pupil funding (LCFF is 50% of revenues)	13.26%	5.38%	4.02%
COLA for other State funds	6.56%	5.38%	4.02%
COLA for Measure G Funds	2.0%	2.0%	2.0%
Natural progression (Step & Column) in Employee Salaries	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%	APT: 1.15% CSEA: 1.00%
<b>STRS Rate</b>	<b>19.10%</b>	<b>19.10%</b>	<b>19.10%</b>
<b>PERS Rate</b>	<b>25.37%</b>	<b>25.20%</b>	<b>24.60%</b>

# Add'l Elements of MYP

- Only those expenses that are know to be one-time in 2022-23 or are directly tied to one-time funding are eliminated in out years.
- Other expenses are left in to show the magnitude of cuts needed.

Assumptions about:	2023-24	2024-25
Certificated Employees	One-time payment taken out Reduce 1.0 FTE for reduced PEF & COVID one-time funding	Eliminate MTSS positions (funding ends)
Classified Employees	Take out July one-time bonus; Eliminate health coord. and add'l lunchtime coverage	
Books and Supplies	Reduce expenditures that are the result of carryover from Prior Year.	
Services & Other Operating Expense	Reduce by \$300 K ... wishful thinking?	
Capital Expenses	Reduce by \$300 K - Witter field work in 2022-23	

# General Fund - Multiyear

- \$1.1 million in budget adjustments will be needed in 2023-24.

MULTIYEAR PROJECTIONS - 2022-23 First Interim			
	2022-23	2023-24	2024-25
Beginning Balance	\$ 4,888,296	\$ 2,682,712	\$ 2,376,158
Total Revenues	\$ 52,131,686	\$ 50,911,472	\$ 51,472,285
Total Expenditures	54,337,270	52,318,025	52,332,957
Add'l Adjustments		(1,100,000)	(1,150,000)
Net Surplus (Deficit)	(2,205,584)	(306,554)	289,327
<b>Ending Fund Balance</b>	<b>\$ 2,682,712</b>	<b>\$ 2,376,158</b>	<b>\$ 2,665,486</b>
<b>Components of Ending Balance:</b>			
Restricted Funds	\$ 850,829	\$ 356,039	\$ 356,039
Held for CSEA One-time (\$1500/FTE)	\$ 217,126	217,126	217,126
Measure H - available for CSEA	-	<b>320,872</b>	<b>641,744</b>
Required Reserve	<b>1,630,118</b>	<b>1,536,541</b>	<b>1,535,489</b>
Add'l Unassigned	(15,361)	(54,419)	(84,912)

- **Revenues:**
  - **Facilities rental fees**
  - **Donations for CSF**
  - **Fundraising for Facilities**
  - **Adult Ed fees**
  - **Food services**
- **Expenditures:**
  - **Class sizes & course offerings**
  - **Unfilled vacancies**
  - **Administrator duties**

# Ideas for Budget Adjustments

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# What's the Good News?

Some relief is visible on the horizon...

## For 2022-23:

- SPED transportation funding
  - Will require a "Plan"
  - Estimate is for \$150K
- State Facilities funding
  - At least \$2.1 Million for Witter
  - Will reimburse GF for Witter projects, freeing up funds for 2023 summer projects

## For 2023-24:

- Proposition 28
  - Approx \$250K
  - Will cover the arts/music education currently funded with excess PEF funds
- COLA
  - May be higher than 5.38% projections
  - Every increase of 1% in COLA is \$245,000 for Piedmont

# Next Steps

December	<ul style="list-style-type: none"><li>● BAC Meeting to review 1st Interim</li><li>● 1st Interim Report presented with MYP Projections</li></ul>
January	<ul style="list-style-type: none"><li>● Governor's Budget Proposal released 1/10</li><li>● Board review of how Gov's Budget will affect PUSD</li><li>● BAC Meeting to review Governor's Budget Proposal</li></ul>
February	<ul style="list-style-type: none"><li>● Administrative team reviews options for budget adjustments to share with Board</li></ul>
March	<ul style="list-style-type: none"><li>● BAC Meeting to review 2nd Interim</li><li>● 2nd Interim Report presented with MYP Projections</li><li>● If required, Board takes action on reductions for 2023-24 that involve positions</li><li>● If required, March 15 notices mailed</li></ul>
May	<ul style="list-style-type: none"><li>● Governor releases May Revisions to budget proposal for 2023-24</li></ul>
June	<ul style="list-style-type: none"><li>● Board holds public hearing on draft budget</li><li>● Final budget adopted by Board</li></ul>



# Acknowledgments

Thank you to the Business Services Team!

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