

Budget Advisory Committee

May Revision and 2025-26 Budget Update

May 22, 2025

Agenda

- Introductions & Purpose of BAC
- Governor's May Revision to 2025-26 Budget
- Impact on PUSD 2025-26 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

Initial Budget - in 1st Interim MYP

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.

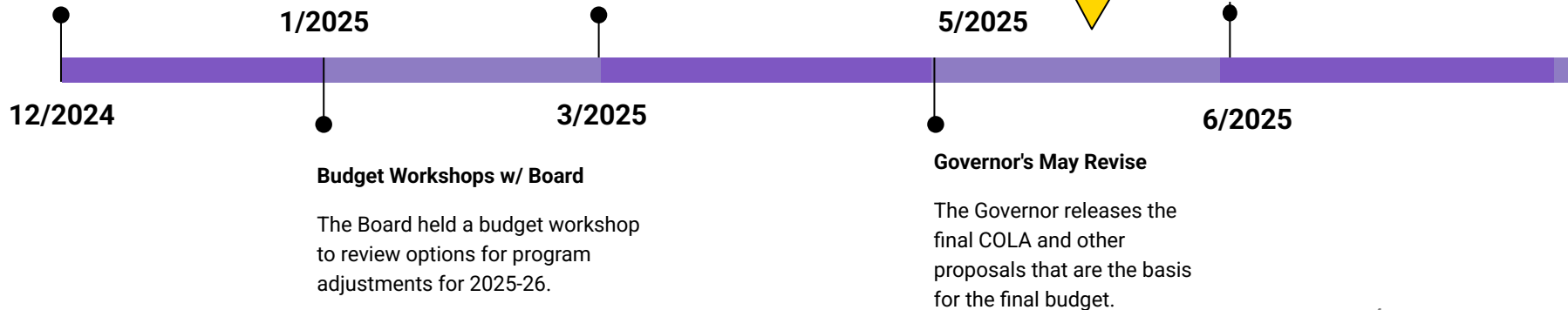
Internal Budget Development

Following Board direction, staff have been working through the details of expanding World Language and Performing Arts.

We're here - building the budget with final positions and other info.

LCAP & Budget reviewed and approved

The Board will hold a public hearing, then approve the LCAP update and budget for 2025-26.



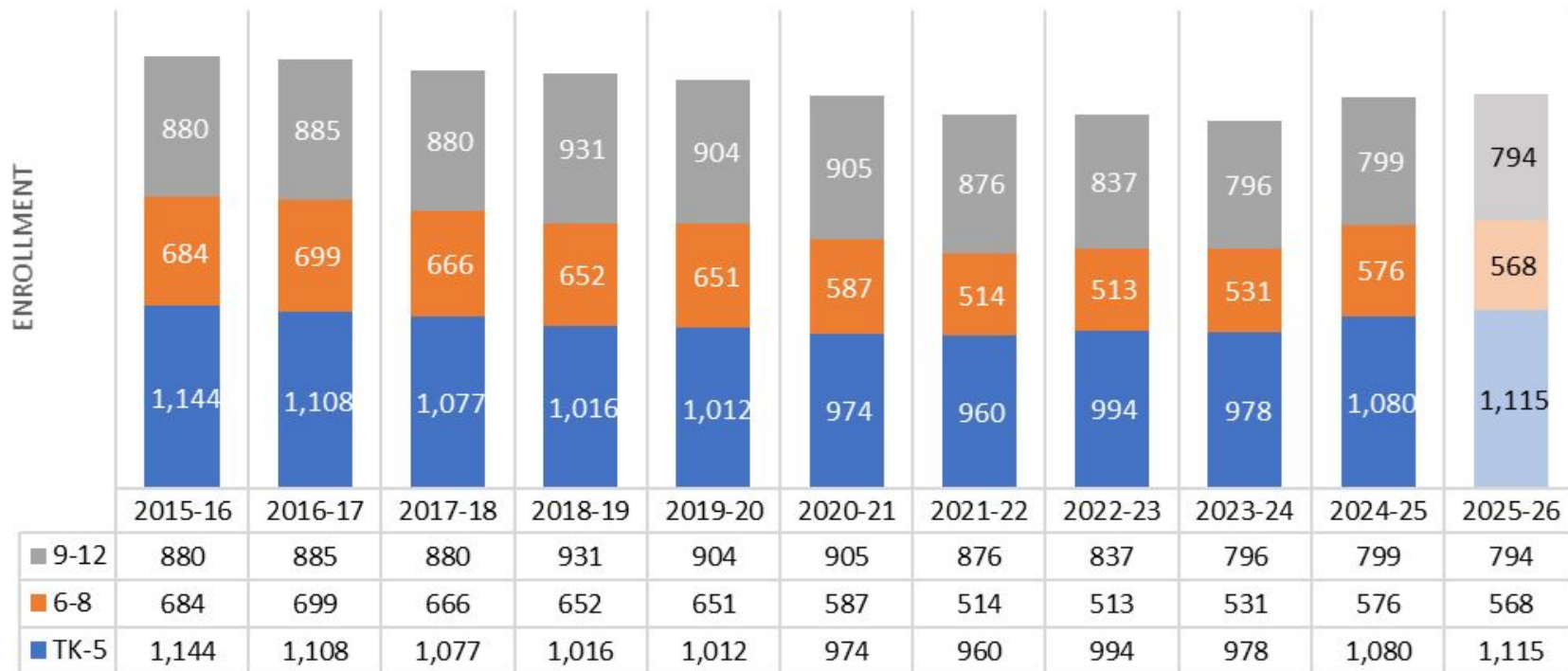


Headlines

- Governor projects the State budget deficit will increase as costs for medical care have increased and revenues are still uncertain. However, **education is so far protected**, with only minor adjustments from original proposal.
- COLA of **2.30%** is confirmed. In January, we thought it would be 2.43, and last year at this time, we thought it would be 2.93% .
- One-time grant and additional funding for TK are still proposed but **not certain** - will not know until after District passes it's budget.

PIEDMONT USD ENROLLMENT

■ TK-5 ■ 6-8 ■ 9-12

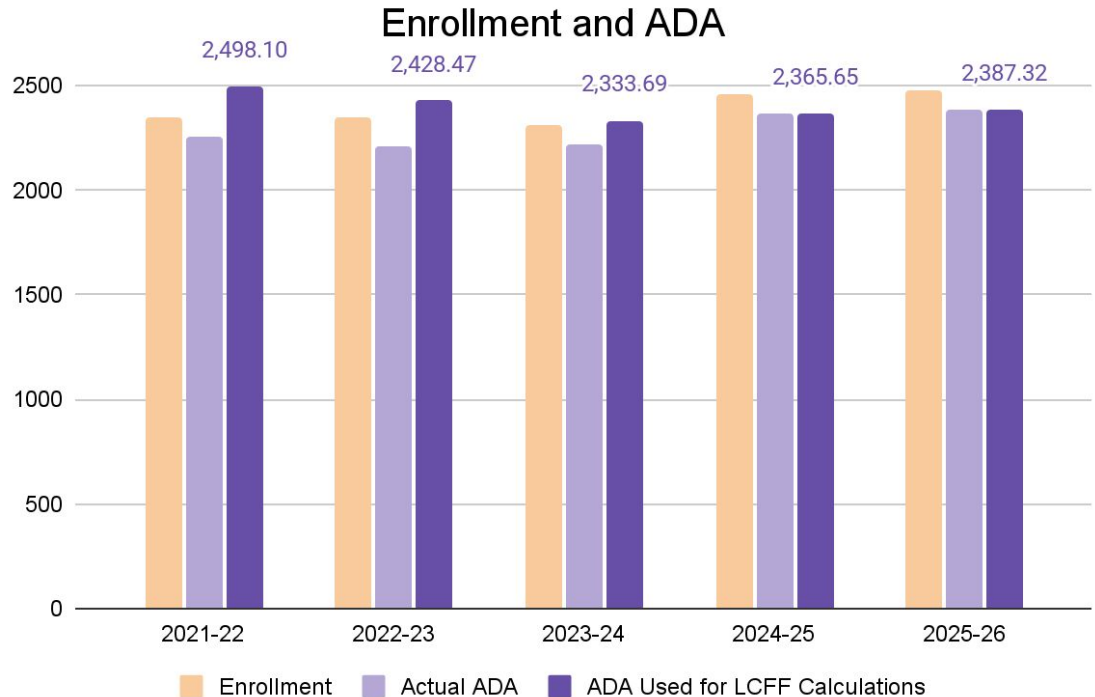


FISCAL YEAR - CENSUS DAY IN OCTOBER

2025-26 Enrollment is as of 5/15/2025

LCFF Funding

- LCFF is based on ADA and per pupil amounts.
- Per pupil amounts will increase by 2.30%
- ADA is higher of prior 3 year average (22-23, 23-24, 24-25) or current year (25-26)
- LCFF is only 50% of District's revenues; other revenues will not increase at the same rate.



LCFF and Piedmont

Year	Enrollment	Funded ADA*	LCFF \$ per ADA	Total Funds
2024-25	2,455	2,365.65	\$11,434	\$27,048,842
2025-26	2,477	2,387.32	\$11,672	\$27,864,799
Difference:	22	21.67	\$238	\$815,957
% Change	0.90%	0.92%	2.08%	3.02%

*Funded ADA uses higher of prior 3 year average or actual ADA.

Revenues

Revenues	2024-25	2025-26	Difference	Note
	From 2nd Interim	Budget		
LCFF Revenue	\$27,289,572	\$28,103,089	\$813,517	2.3% COLA
State Revenue	3,870,680	3,423,414	-447,266	
Measure G	11,711,260	11,945,485	234,225	2% Increase
Measure H	2,678,408	5,088,975	2,410,567	Measure P
PEF Grant	4,039,957	3,945,000	-94,957	
Other Local	1,980,445	1,950,445	-30,000	
SELPA	1,740,556	1,780,589	40,033	
Federal	638,634	638,634	0	
TOTAL Revenues		\$56,875,631	\$2,926,119	

Detail on Local Revenues (2024-25)

Revised Budget		Revised Budget	
District-wide		Program Specific	
Leases & Rentals	\$200,000	Booster Club	\$45,712
Interest Income	\$80,000	Turkey Trot	\$40,918
General Fund	\$208,660	Athletics I	\$250,566
Summer School	\$40,000	Wellness Center	\$60,412
Preschool Donation	\$10,806	AC Health Care Services Agency	\$60,149
Chromebook Donation	\$29,104	Other Local - Facilities	\$220,828
APT	\$72,211	Piedmont Makers	\$25,772
		PEF - Div, Eq, In, Belong	\$50,000
Site-Based			
PMS Donations by Parents	\$129,301	Restricted - Misc.	
Dads' Club	\$3,990	Other Local - mlsc	\$24,751
Parent Donations	\$167,383	PADC	\$1,000
Field Trip Donations	\$34,643	PHS-Home Base	\$242
PHS Programs & Departments	\$84,769	PHS Library - LGBTQ grant	\$2,500
Exam Fees	\$136,728		
		TOTAL	
		\$1,980,445	

Potential Add'l Funds

The following funding is proposed in the May Revise, but still needs final approval by the Legislature. ACOE recommends we don't spend the funds until they are confirmed (August):

Ongoing		
	TK add'l per pupil	\$143,820
One-Time Unrestricted		
	Discretionary Block Grant	\$742,814
One-Time Restricted		
	LREBG	\$257,430
	ELOP increase	\$50,000
		\$1,144,064

Program Changes for 2025-26

VAPA

- Elementary Theater Arts .4 FTE
- Elementary Music (Wind) .4 FTE
- PHS Vocal Music .2 FTE
- PHS Drama .2 FTE

World Languages

- Add'l Section PMS .2 FTE
- Add'l Section PHS .2 FTE

Additional Courses - High School

- AP Seminar .2 FTE
- AP Physics C .2 FTE

General Fund - Multiyear

The MYP is updated at each Interim with the latest information available. For the 2025-26 Budget, a new year will be added...

Assumption	2024-25	2025-26	2026-27	2027-28
Enrollment	2,455	2,477	2,478	2,479
ADA used for LCFF calculations	2,365.65	2,387.32	2,388.15	2,389.05
Cost of Living Increase (COLA) for LCFF per pupil funding (LCFF is 50% of revenues)	1.07%	2.30%	3.02%	3.42%
COLA for Measure G Funds	2.0%	2.0%	2.0%	2.0%
Adjustment to other revenues and costs (CPI)	Actual	3.42%	2.98%	2.77%
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%	APT: 1.15% CSEA: 1.00%
STRS Rate	19.10%	19.10%	19.10%	19.10%
PERS Rate	27.05%	26.81%	26.90%	27.80%

Things to Watch

- Final State Budget - will the uncertain funding become certain?
- How will the programmatic and enrollment adjustments impact costs?
- How will tariffs and other economic influences flow through to District's costs?

Calendar

May →	5/22 BAC - May Revision Budget Update
June	6/11 Board holds public hearing on LCAP & draft budget 6/25 Final budget adopted by Board

**Comments or
Questions?**

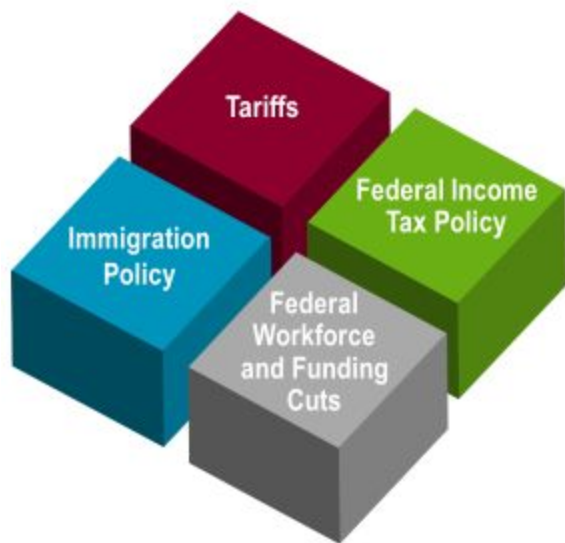
Suggestions

For Next Year's Budget Advisory
Committee?

Appendix

Misc. Slides from School Services Workshop

Economic Impact of Federal Policies

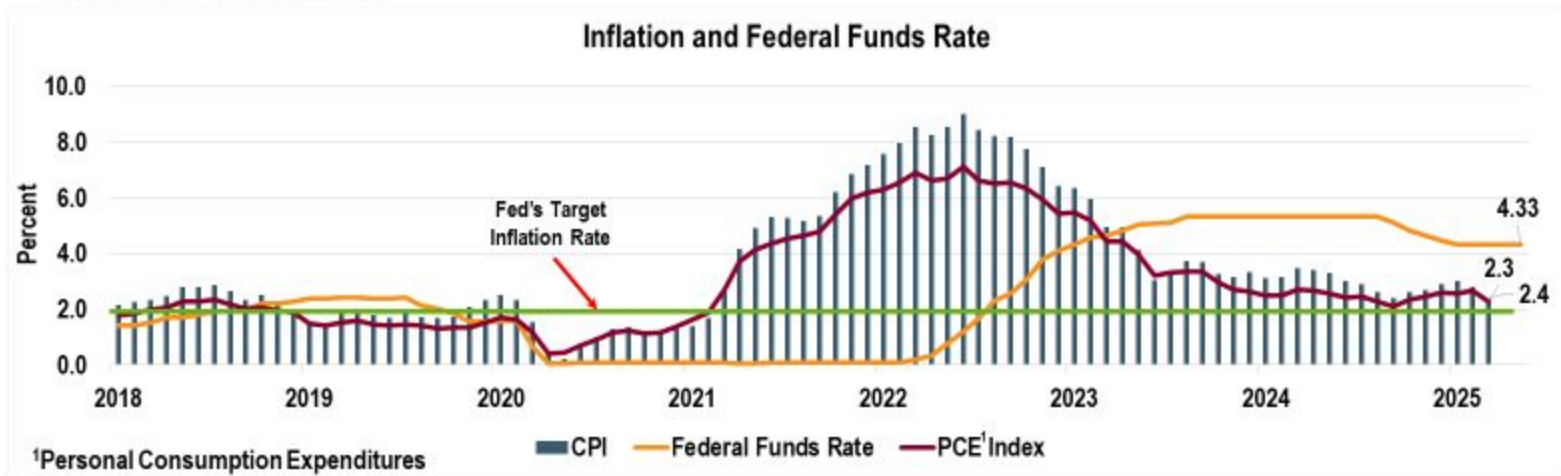


- Consumer sentiment, a key economic growth contributor, has reached notably low levels
- Tariffs have contributed to supply chain disruptions, higher production costs, stock market volatility, and reduced demand for U.S. goods
- The Fed is exercising caution towards benchmark rate cuts, citing the need for more data to assess the impact of tariffs
- Trade deals have been reached with Britain and China
- Over 275,000 federal civil service positions have been cut, representing 12% of the federal workforce
- More cuts to federal funding and programs are projected
- The extension of the 2017 Tax Cuts and Jobs Act is anticipated
- Increases in immigration activity are expected to continue, which will likely affect labor supply, tax revenue, and GDP

The Trump Administration's policies have already had an impact on the economy, but it is still too early to know the full impact

Inflation and Federal Funds Rate

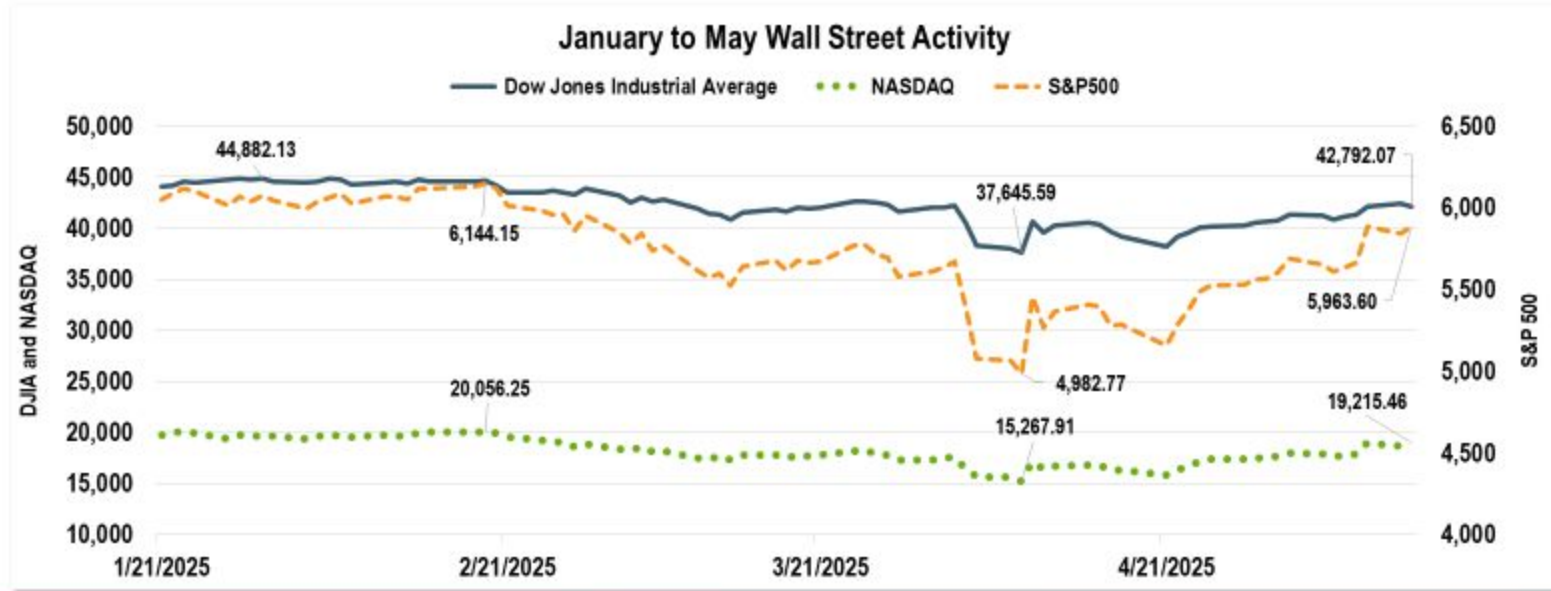
- Inflation indexes continue to be above the Federal Reserve (Fed) 2% goal
- The effective federal funds rate is 4.33%, with no reductions since December
- The Fed cited a “wait and see” approach to future federal funds rate reductions due to increased economic uncertainty



Source: BEA and BLS

Wall Street

- All major indexes have been notably volatile in response to federal policy changes since January
- Each index hit a low point for the year in early April



Federal Education Budget

President Donald Trump's Proposed 2026 Budget

Non-Defense Spending

Reduced by
\$163 billion from
2025 levels, including
education spending

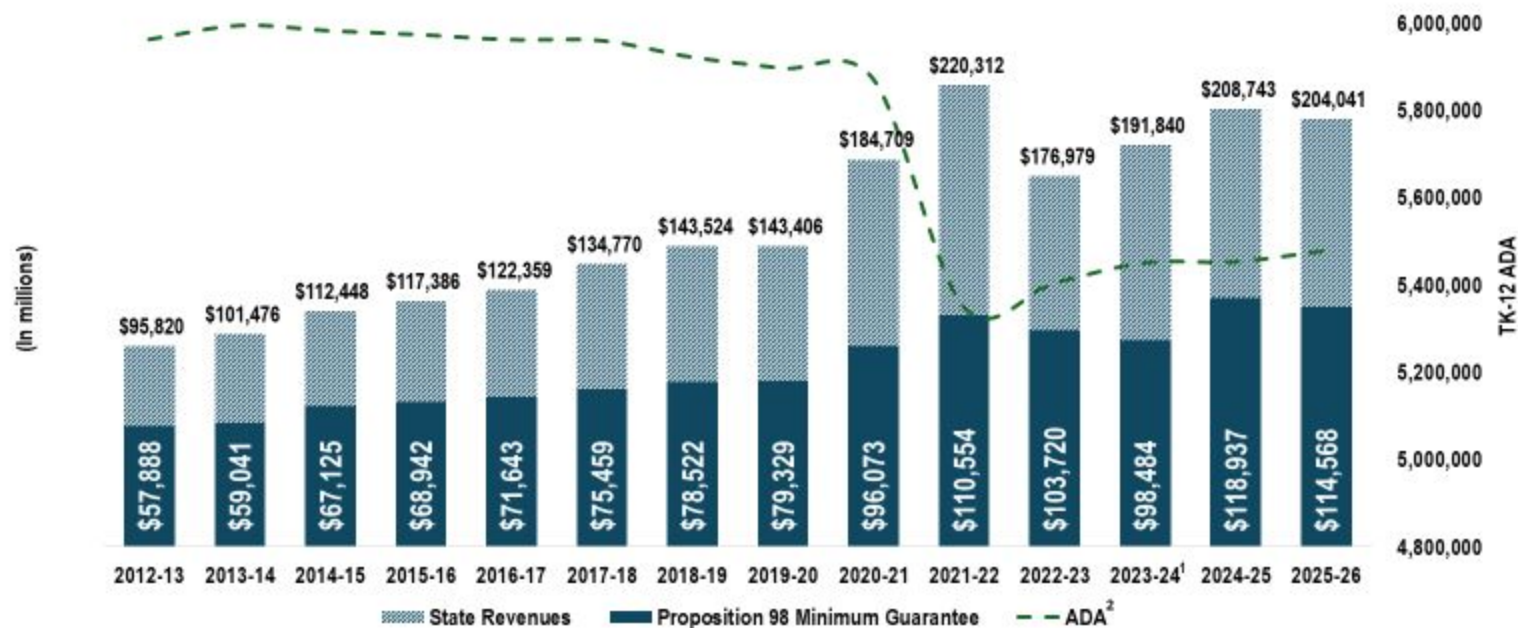
• Maintains Title I and Special Education Funding

• K-12 Simplified Funding Program
\$2 billion for 18 consolidated formula and
competitive grants

• Eliminates Adult Education

• Eliminates Title III and Migrant Education

Proposition 98 and Student Attendance Over Time



¹Proposition 98 minimum guarantee was suspended in 2023-24; ²Average daily attendance (ADA)

Proposition 98 Tests

1

Guarantee is at least equal to education's share of state General Fund revenue in 1986-87—approximately 40%

2

Guarantee is based on prior-year funding plus changes in student attendance and per capita personal income

3

Guarantee is based on prior-year funding plus changes in student attendance and per capita General Fund revenue + 0.5%

Proposition 98 Suspension

The Legislature can appropriate less than the constitutional guarantee with a two-thirds vote and approval of the Governor, which it has done three times

- ❖ 2004-05
- ❖ 2010-11
- ❖ 2023-24

.....
MAINTENANCE FACTOR OBLIGATION
.....

When the guarantee is suspended, the state is required to restore Proposition 98 to the higher of Test 1 or Test 2

2025-26 LCFF Funding Factors

Base Grants

Provided by grade span—grades:

- TK-3
- 4-6
- 7-8
- 9-12

**COLA—
2.30%**

LCFF base grants are increased by statutory COLA—
an increase in funding per student, NOT total funding

Grade Span Adjustments (GSAs)

Two GSAs are applied as percentage increases to the base grants:

- TK-3—10.4%
- 9-12—2.6%

Supplemental and Concentration (S/C) Grants

Calculated based on the unduplicated pupil percentage (UPP)

Unduplicated Pupil Percentage

LEA's enrolled students who are English learners, free or reduced-price meals program eligible, or foster youth

2025-26 School District and Charter School LCFF

Grade Span	TK-3	4-6	7-8	9-12
2024-25 Base Grant per ADA	\$10,025	\$10,177	\$10,478	\$12,144
2.30% COLA	\$231	\$234	\$241	\$279
2025-26 Base Grant per ADA	\$10,256	\$10,411	\$10,719	\$12,423
GSA	\$1,067	—	—	\$323
2025-26 Adjusted Base Grant per ADA	\$11,323	\$10,411	\$10,719	\$12,746
20% Supplemental Grant per ADA ¹	\$2,265	\$2,082	\$2,144	\$2,549
65% Concentration Grant per ADA ²	\$3,312	\$3,045	\$3,135	\$3,728
TK Add-On per ADA (inclusive of COLA)	\$5,545 ³	—	—	—

¹Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 20% and UPP

²Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

³Inclusive of an additional \$2,397 for the student-to-adult ratio reduction from 12:1 to 10:1

Student Support and Professional Development Discretionary Block Grant

- The May Revision reduces the one-time block grant by \$100 million for a total of \$1.7 billion, but largely retains its original design
 - Funds are fully flexible to address rising costs, although state priorities are highlighted
 - Professional development for teachers on the English Language Arts (ELA) and English Language Development (ELD) Framework, Literacy Roadmap, and Mathematics Framework
 - Teacher recruitment and retention efforts
 - Career pathways and dual enrollment
 - Allocation method is on an equal per-ADA basis
 - Funds are available for expenditure through June 30, 2029
 - The May Revision adds a final expenditure report to the California Department of Education (CDE) by September 30, 2029



Transitional Kindergarten



Offer TK to
four-year-olds
whose
fourth birthday
occurs by
September 1;
inclusive

Universal Transitional Kindergarten

The May Revision continues to provide ongoing funding for full implementation of UTK in 2025-26, reducing funding to \$2.1 billion because of revised ADA estimates and the lower COLA—this amount includes:

- Prior-year investments
- Funding to support all children eligible for TK, including for the final eligibility expansion of the birthdate to September 1

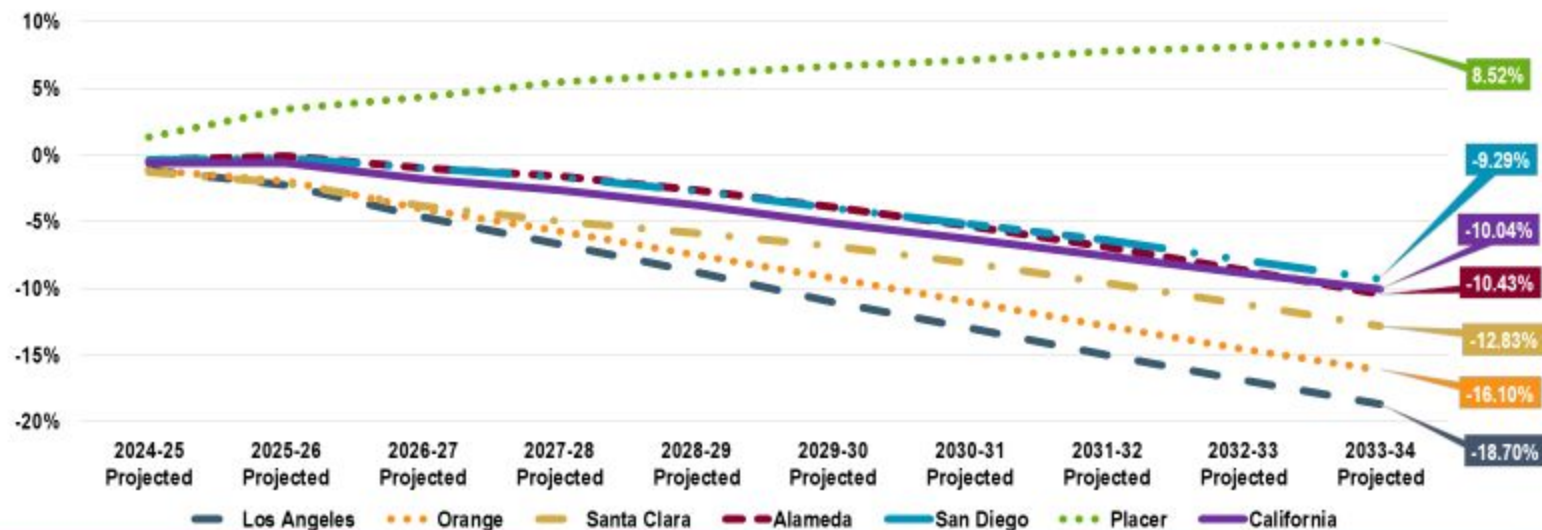
TK Ratio LCFF Add-on

- The total ongoing amount for the TK add-on is revised to \$1.2 billion
- The per-pupil amount is reduced from \$6,404 in January to \$5,545 in the May Revision

\$3,148	Per pupil for current 12:1 student-to-adult ratio requirement
+\$2,397	Additional per pupil for 10:1 student-to-adult ratio requirement in 2025-26
\$5,545	Total per-pupil add-on

District Financial Conditions—Declining Enrollment by County

- 44 (or 76%) of the 58 counties are projected to decline in enrollment through 2033-34
- The 44 declining enrollment counties are projected to be down by approximately 600,000
- The 14 (or 24%) growing enrollment counties are projected to increase by approximately 14,000



2023-24 Average Reserve Levels

- The latest statewide data on school district reserves available is for 2023-24
 - Despite an 8.22% COLA for 2023-24, reserve levels remain largely flat
 - This is likely due to declining enrollment

Average Unrestricted General Fund, Plus Fund 17, Ending Balances¹

By District Type	2022-23	2023-24	By District Size	2023-24
Unified	23.74%	24.36%	Less than 1,000 ADA	41.91%
Elementary	25.55%	25.54%	1,001 to 5,000 ADA	25.36%
High	22.94%	24.40%	5,001 to 10,000 ADA	22.14%
			Greater than 10,001	24.29%

¹As a percentage of total General Fund expenditures, transfers, and other uses