

PIEDMONT UNIFIED SCHOOL DISTRICT

M E M O R A N D U M

TO: Board of Education

FROM: Jennifer Hawn, Ed.D., Superintendent
Ruth Alahydoian, Chief Business Officer

DATE: June 25, 2025

RE: **ADOPT THE 2025-26 DISTRICT GENERAL FUND BUDGET AND
ALL OTHER BUDGETS OPERATED BY THE DISTRICT.**

I. SUMMARY

The 2025-26 Budget is presented tonight for a second reading and final adoption.

This version of the 2025-26 budget is the same as the draft budget presented at the first reading and public hearing on June 11, 2025. The only difference is the print date and the additional forms that are attached to the budget document. The information below is the same as well.

Thanks to the passage of Measure P in November 2024 and stable enrollment, the District's fiscal situation in 2025-26 is solid. All financial obligations, including the 4.5% salary increase for employees and the required 3% reserve for economic uncertainty, will be met. The Board of Education's vision for expanding world language, performing arts, and advanced academic offerings are incorporated. In addition, an additional kindergarten and 3rd grade class will be added to accommodate enrollment.

Although the State of California faces uncertainty from the impact of tariffs, federal funding reductions, and the Southern California wildfires, education funding appears stable. The Cost of Living Adjustment (COLA) of 2.3% is funded. The State's commitments to transitional kindergarten, special education, adult education, and universal meals continue as well.

The Governor's May Revision included a one-time block grant, additional LCFF funding based on transitional kindergarten (TK) enrollment, and other smaller restricted programs that are **not** included in the District's budget at this time based on the direction of the Alameda County Office of Education (ACOE).

The Legislature is currently discussing final adjustments to the Governor's proposed budget. They are required by law to pass a budget by June 15 or risk a deduction in salary. Any

substantial changes that come out of the final budget approved by the Governor will be brought back to the Board within 45 days. The budget is an estimate at one point in time and will be adjusted as new information becomes available.

II. BACKGROUND

Districts are required to adopt their budgets prior to June 30 of each year for the next fiscal year whether or not the State has adopted its Budget. This public hearing is conducted per Education Code 42103, 42127 and 52062 to provide an opportunity for the Board to review the District's 2025-26 budget, ask questions and receive input from the public. After the hearing, the budget, with adjustments based on the first reading, will be brought back for approval on June 25, 2025. Staff will submit all required documentation to the Alameda County Office of Education by the statutory deadline of July 1, 2025.

III. 2025-26 BUDGET INFORMATION

The budget documents presented for this Public Hearing continue to serve as a reflection of the District's goals and philosophy of providing a high-quality educational experience to the students of Piedmont. The priorities identified in the Board's Strategic Plan and the action items identified in the Local Control Accountability Plan (LCAP) are incorporated in the budget, along with other priorities identified by the Board throughout the year. The budget reflects the tremendous support of the community by way of the Measure G and Measure P School Support Parcel Taxes; the Piedmont Educational Foundation contribution; and parent and community donations through various fundraising efforts.

The General Fund is the primary fund for the District, from which most expenses are paid. The following summary and the accompanying graphs and tables provide a snapshot of the major components. The following documents accompany this memo as part of the draft budget:

- The 2024-25 Estimated Actuals and the 2025-26 Budget in State Accounting Code Software (SACS) format.
- One-page Budget Comparison for the General Fund 2024-25 Estimated Actuals and the 2025-26 Budget
- One-page Multi-year Projections comparing 2025-26, 2026-27 and 2027-28
- General Fund Revenues graph & Expenditures graph
- Other Funds summary tables

Revenues: The State determines approximately 60% of the District's revenues. Unfortunately, the District must develop, and the Board must adopt a budget before the final state budget is signed by the Governor. The budget will be adjusted over time as more information becomes available. The revenue projections that are included in this budget are based on the information available at the "May Revision". Key components of revenue projections are as follows:

- Local Control Funding Formula (LCFF) – LCFF determines the base level of unrestricted funding each District receives from the State. The formula multiplies the District's Average Daily Attendance (ADA) by a per pupil amount that varies by grade level and other student characteristics (students who are low income, English learners or foster youth generate additional funding). For Piedmont, the LCFF generated funds represent 50% of general fund revenues. The per pupil amounts will increase by the statutorily derived Cost of Living Adjustment (COLA) of **2.30%** over the 2024-25 amounts. The table below provides the per pupil amounts by grade span, the estimated ADA, and the total generated by the formula.

Grade Span	ADA	Per Pupil Amount	Total
TK	60.00	\$14,573	\$874,380
K-3	663.67	\$11,425	\$7,582,430
4-6	529.15	\$10,505	\$5,558,721
7-8	369.13	\$10,816	\$3,992,510
9-12	765.37	\$12,857	\$9,840,054
Subtotal			\$27,848,095
Transportation Addon			\$13,982
Special Education Apportionment			\$237,154
Total LCFF Funding			\$28,099,231

- Federal Revenues – The District qualifies for a small amount of federal funds, **\$607,278**. The largest portion, **\$583,996**, is for special education. A portion, **\$23,282**, is to promote excellence in teaching (Title II). There is no indication that these funds are at risk.
- Other State Revenues – Other State Revenues include lottery funds, the mandated costs grant and special education funding, totaling approximately **\$1.6 M**. State revenues also include **\$2.1M** as an entry for the State's contribution to the teacher's pension fund. While this is recorded in Other State Revenues, and a corresponding entry is recorded in Expenditures under Benefits, the District receives no cash and both revenues and expenditures are phantom entries.
- POTENTIAL ADDITIONAL STATE REVENUES: The Governor's May Revision included additional potential revenue sources that are not included in this budget. The table below provides estimates.

Ongoing		
	TK add'l per pupil	\$143,820
One-Time Unrestricted		

	Discretionary Block Grant	\$742,814
One-Time Restricted		
	Learning Recovery Emergency Block Grant (LREBG)	\$257,430
	Extending Learning Opportunity Program (ELOP)	\$50,000
		\$1,144,064

- Parcel Tax Revenues – Measure G was approved by voters in November 2019. Measure P was approved in November 2024. The Measure G rate was approved by the Board to increase in 2025-26 by 2% to **\$3,050.58** per parcel for a total revenue of **\$11.7 M**. Measure P will be collected for the first time in 2025-26 at a rate of \$0.50 per square foot of building improvements on each taxable parcel. It is expected to generate **\$5.2 M**.
- Other Local Revenues – PEF. The Piedmont Education Foundation had a successful fundraising campaign this year and raised **\$3.76 M for the base grant**. In addition, the community raised \$270 K from the Spring Fling for additional support services at the elementary schools and an anonymous donor is funding \$25K for professional development.
- Other Local Revenues – All Others. This category includes revenue from parent club donations, grants, and the rental of district facilities and fields. The budgeted revenue of **\$1.2 M** from local sources only includes contributions that are ongoing or have been committed. The rental revenues are an estimate based on current year experience. Other local revenues and their related expenses are recorded during the year as funds are received.
- SELPA Apportionment. The Special Education Local Planning Association (SELPA) pools special education apportionments among neighboring districts who work together to provide SPED services to high need students. The SELPA transfer of **\$1.7 M** is a combination of state and federal funding but is considered local because it comes through the SELPA.

Expenditures: Ongoing costs of maintaining the District's educational program and facilities are the basis for expenditures in the Budget. Based on Board direction during the Board Budget Workshop in early February 2025, programmatic enhancements to elementary performing arts, secondary world languages, and high school course offerings have been incorporated into the budget. The District also held several Local Control Accountability Plan (LCAP) meetings, and the budget includes expenditures identified for year 2 actions in the LCAP. The major components of expenditures are as follows:

- Certificated Salaries: Certificated salaries reflect (1) the increase in salaries of **4.5%** in 2025-26; (2) staffing adjustments based on the Board direction for programs; (3) increases in staff to accommodate a new kindergarten class, a new 3rd grade class, and a new middle school counseling-enriched class; and (4) natural increases based on movements on the salary schedule for existing staff

- Classified Salaries: Classified salaries reflect (1) the increase in salaries of **4.5%** in 2025-26; (2) staffing adjustments based on student and classroom needs for the new classes and the Special Education program; and (3) natural increases based on movements on the salary schedule for existing staff.
- Benefits: Benefits include the District's contribution to the STRS and PERS pensions, health care, worker's compensation, state unemployment, Medicare and social security taxes.
- Books and Supplies: The budget includes anticipated expenses of **\$170 K** for textbooks, **\$216 K** for computer equipment, **\$245 K** for custodial and maintenance supplies, and **\$412 K** for school supplies. School supplies include \$51 K from Prop 28 for arts materials; \$33 K from unrestricted funds for athlete uniforms and equipment; and \$37 K from PEF for classroom supplies, in addition to general fund and other resources. As additional needs are identified during the year, and particularly when parent contributions are collected, this budget will grow. Note that in addition to books, instructional materials in the form of licenses and subscriptions are also included in the next category (Services and Other Operating Expenditures).
- Services and Other Operating Expenditures: The largest components of this expense category are (1) special contracts for services that the District is not able to provide in-house, especially for special needs students, (2) utilities (electricity, water, gas, alarms), (3) property, liability and worker's compensation insurance costs; and (4) software expenses (enterprise level personnel and business software, student information systems, electronic licenses for classroom curriculum, etc.) .
- Transfer To & From Other Funds: The General Fund transfers **\$55 K** to the Deferred Maintenance Fund (Fund 14) from the routine restricted maintenance account to cover the cost of grass field maintenance. Also, although we hope the Cafeteria Fund (Fund 13) will continue to be self-sufficient, we have budgeted a contribution of **\$100K** from the General Fund to ensure cash flow sufficiency..

Fund Balance: The Ending Fund Balance, which is the bottom line of what is left in the District's General Fund at the end of the year, is projected to be **\$4,3 M**. This balance includes the 3% reserve of **\$1.69 M**, a restricted balance of **\$498 K**, a revolving cash reserve of **\$44 K**, and a set-aside of **\$490 K** of school site funds that are not available for District-level spending. The table below provides a breakdown of the funds held in the fund balance:

Ending Fund Balance	\$4,311,191
3% Reserve Requirement	1,691,340
Restricted + Rev Cash	542,468
School site funds from parents and other sources	489,737
Remaining for next year	1,587,646

IV. MULTI-YEAR PROJECTIONS

The multi-year projections (MYP) are included with the budget to provide a picture of the revenue and expenditure trend for 2025-26, 2026-27 and 2027-28. The MYP is a model built on the 2025-26 budget, with adjustments for any known changes. Please refer to the attached Multi-year Projection Report. The following assumptions were used:

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)	1.07%	2.30%	3.02%	3.42%
COLA for Measure G Funds	2.0%	2.0%	2.0%	2.0%
Adj.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%

Thanks to the voters of Piedmont and the passage of Measure P, the budget remains balanced for the next three years. However, this MYP does not include any additional compensation increases beyond the current contracts.

MULTI-YEAR PROJECTIONS - 2025-26 Budget			
	2025-26	2026-27	2027-28
Beginning Balance	\$3,692,503	\$4,311,193	\$5,465,185
Total Revenues	\$56,578,194	\$57,841,451	\$59,284,585
Total Expenditures	(55,959,504)	(56,687,459)	(57,363,500)
Net Surplus (Deficit)	618,690	1,153,992	1,921,085
Ending Fund Balance	\$4,311,193	\$5,465,185	\$7,386,270
<u>Components of Ending Fund Balance:</u>			
Restricted or Committed Funds	1,032,205	1,032,205	1,032,205
Required Reserve	1,691,340	1,700,624	1,720,905
Add'l Unassigned	1,587,648	2,732,356	4,633,160
Ending Fund Balance	\$4,311,193	\$5,465,185	\$7,386,270

V. STATUS OF OTHER FUNDS

In addition to the General Fund, the District also maintains eight other funds to track restricted revenues and the associated expenses. Detailed information is included in the full budget package. The table below provides a quick summary, followed by a brief description of each fund.

Fund #	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Fund Balance
80	ASB	\$ 141,833	\$ 279,312	\$ 421,145	\$ -
11	Adult Education	\$ 25,239	\$ 637,523	\$ 663,159	\$ (397)
13	Cafeteria	125,292	1,787,976	1,687,976	225,292
14	Deferred Maintenance	161,005	87,951	85,951	163,005
17	Special Reserve-Noda	102,068	2,000	-	104,068
35	State School Fac	2,860,700	50,000	621,263	2,289,437
40	Reserve-Cap Facilities	169,911	2,000	95,933	75,978
51	Bond Repayment	13,211,261	8,083,444	7,506,019	13,788,686
		\$ 16,797,309	\$ 10,930,206	\$ 11,081,446	\$ 16,646,069

ASB Fund – Fund 08

Although the Associated Student Body (ASB) programs at the two high schools and the middle school run their own fundraising and manage their own finances, school accounting standards require that the activities be recorded at the aggregate level in the District's books. The final accounting happens when the books are closed. The ASBs do not provide a budget to the District.

Adult Education – Fund 11

The Adult Education Fund is used to account separately for state and local revenues for adult education programs. Money in this fund is to be expended for adult education purposes only. Piedmont USD's Adult Ed program offers both State-funded courses such as Diploma Completion, and fee-based classes, such as Basic Thai Cooking. The sources of revenue are State funds through the Adult Education Block Grant, and local funds through fees and donations. The program is expected to be self-sufficient in 2025-26.

Cafeteria Fund – Fund 13

The District offers a free breakfast and lunch to every student through the Universal Meals program. The cost of the program is almost, but not completely, covered by reimbursements from the State. For 2025-26, the District expects that the General Fund may need to contribute \$100,000 to support the program.

Deferred Maintenance – Fund 14

The Deferred Maintenance fund allows the district to set-aside funds regularly to be used for facilities maintenance and repair. The District sets aside 3% of its General Fund budget every year in a Restricted Routine Maintenance Account (RRMA). Funds are transferred from the RRMA to the Deferred Maintenance fund for the expenses of maintaining the grass fields.

Special Reserve Fund – Fund 17

The Special Reserve Fund holds the Noda grant, which was donated to the District so that interest earnings from the funds could be granted to teachers and students for art projects. Interest earnings will not be distributed in 2025-26 but will accrue in the fund to be part of the grant for 2026-27. The District also uses the Noda grant as a back-up reserve if needed that can be included in the calculation of the 3% required reserve.

State School Facilities Fund – Fund 35

The revenues in Fund 35 are from the State School Building Program as reimbursement for the STEAM and Theater buildings. Witter Field expenses and heating and ventilation (HVAC) improvements have been paid from these funds. Remaining funds will pay for the HVAC and elevator repair projects that are underway for the summer of 2025, for the high school quad renovation, and to repay the loan from (2022) to complete the theater.

Capital Facilities Fund – Fund 40

Funds other than State funds that are designated for capital projects are set-aside in the Capital Facilities Fund. Collections from facilities rentals that exceed operating expenses should also be deposited here to be used for facilities improvements. Although not yet included in the budget, we expect to receive a gift from the Class of 2025 for campus beautification and donations from Parents' Clubs for projects at the elementary sites to be paid through this fund.

Bond Repayment – Fund 51

Bond repayment is managed through Alameda County. Property tax rates are set every year at a rate sufficient to collect enough in tax revenues to cover the bond principal and interest due within the upcoming year. The District's taxpayers approved the Seismic Bonds in 2006 and Measure H1 in 2016.

VI. RECOMMENDATION

Adopt the District General Fund budget for 2025-26 and all other budgets operated by the District.

Attachments