# Budget Advisory Committee 2025-26

Governor's Budget for 2026-27
January 29, 2026

# Agenda

- Introductions & Purpose of BAC
- 2026-27 Governor's Budget Proposal
- Adjustments to Multi-year Projections
- 2027-28 Budget Development
  - Process
  - Ideas for Budget Adjustments
- Questions / Discussion
- Adjourn



# Purpose of BAC

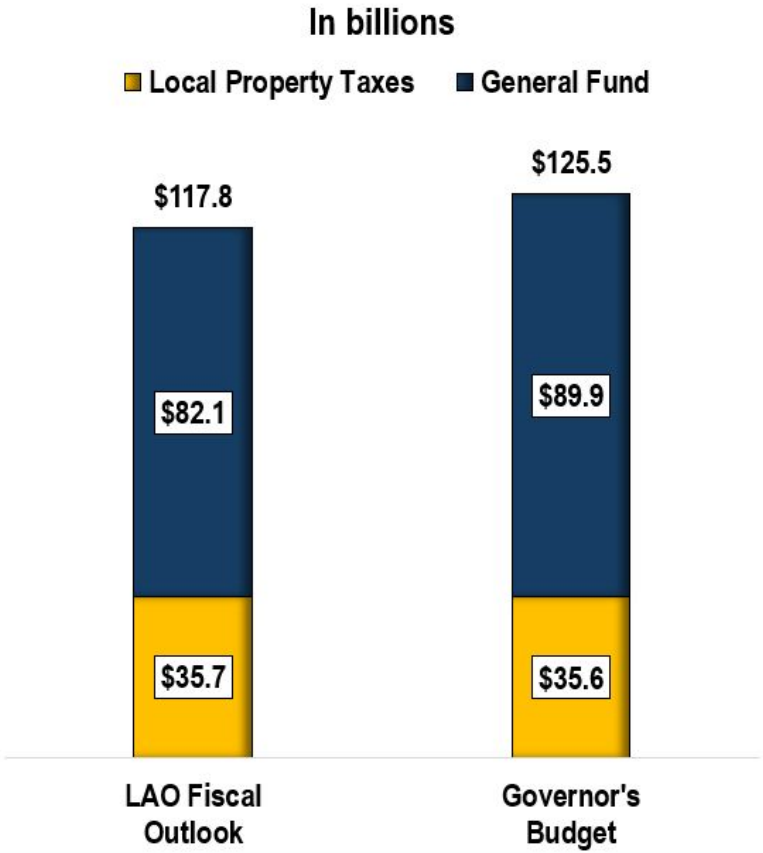
- The Budget Advisory Committee is a standing committee with representatives from all stakeholders in the District.
- Its purpose is to:
  - review the District's Budget,
  - share the information with constituent groups, and
  - generate recommendations for Board consideration in the budget development process.
- The BAC is a vehicle to disseminate information to as many parents, students, staff and community members as possible.

# Governor's Proposal for 2026-27 Budget

# Highlights

- Good news:
  - No major programmatic changes proposed.
  - COLA applied to all existing programs.
  - Possibility of one-time grant.
- Not so good news:
  - COLA slightly less than prior expectations at 2.41% vs 3.02%
  - Lots of unknowns mean change is certain.

# 2026-27 Minimum Guarantee




- The Governor's estimate of the 2026-27 minimum guarantee is $7.7 billion *higher* than the LAO's November estimate, which is attributable to differences in their "Big Three" tax revenue estimates

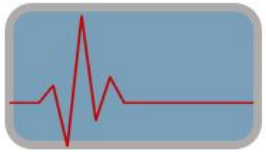
| 2026-27 "Big Three" Taxes (in billions) | | |
|---|---|---|
| | LAO *Fiscal Outlook* | Governor's Budget |
| Personal Income Taxes | $125.2 | $142.2 |
| Corporation Taxes | $41.7 | $43.5 |
| Sales Taxes | $34.3 | $35.1 |
| Total | $201.2 | $220.8 |

- The Governor's personal income tax assumptions alone are $17 billion higher

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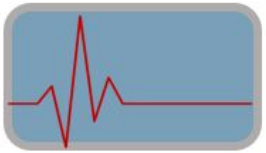
# Risks to Proposition 98 and Local Budgets

- **In addition to the larger effects that the national and state economy could have on education funding and local budgets, historical risks persist alongside one relatively new risk**



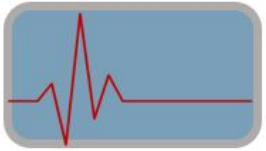
## Declining Enrollment

Protracted declines in student enrollment continue to pressure local budgets—trends are expected to continue



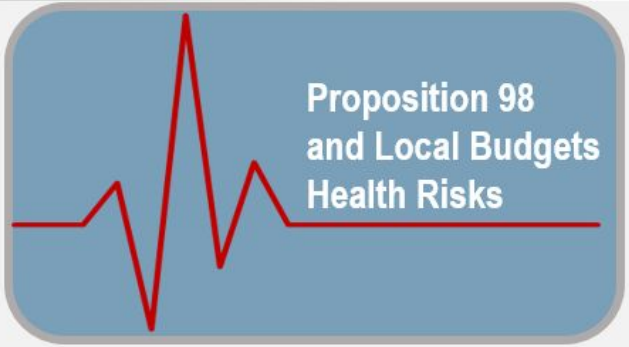
## Deficit Spending

A growing number of LEAs are deficit spending, which, when coupled with declining enrollment, can create fiscal crises if unaddressed



## Proposition 98 Settle-Up

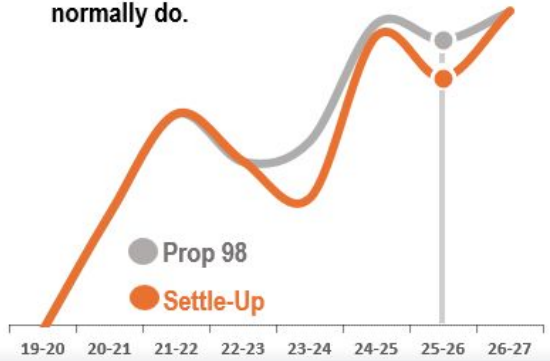
The state's reliance on Proposition 98 borrowing is concerning as deficits mount




**Highlights** Show All

**Funding**

So far, you're borrowing more than you normally do.




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# Cost of Living Adjustment (COLA)




The COLA is a statutory formula computed using federally aggregated metrics.

- Current estimate is that COLA will be **2.41%**
- It measures the rate of change in the cost of goods and services purchased by state and local governments over the past year.
- The final calculation is in May, when the last two data points are available.

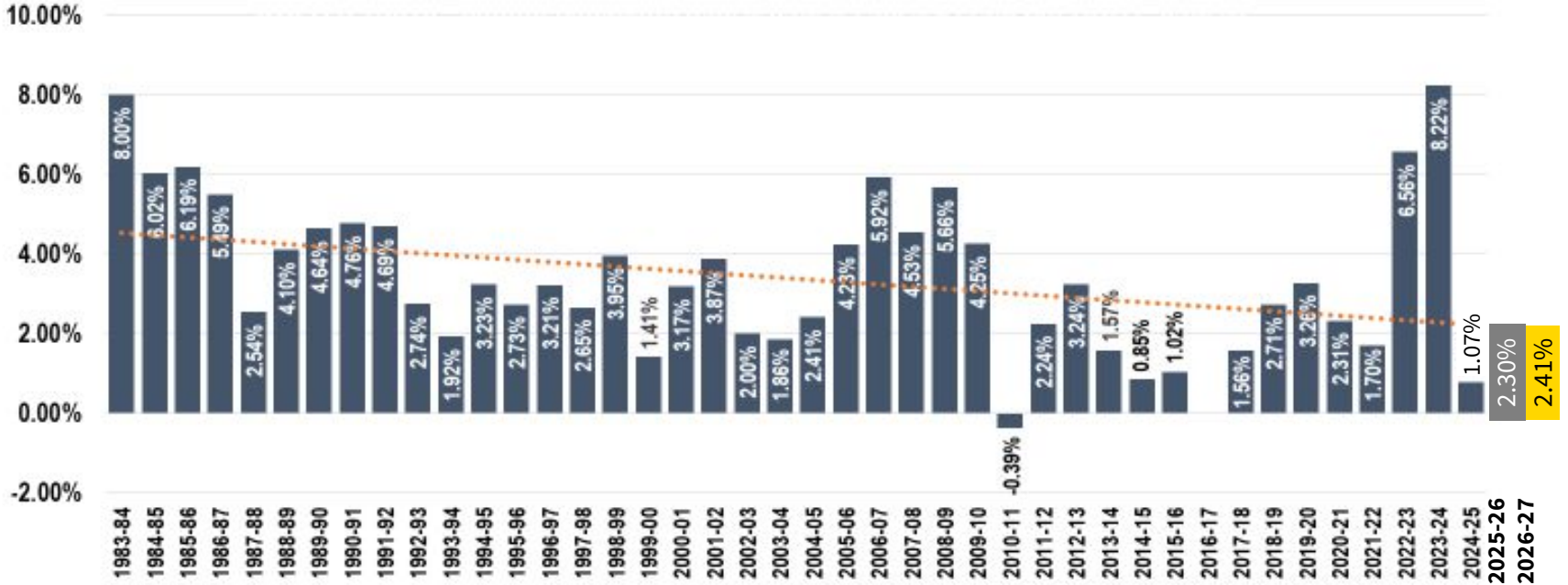
It is applied to the per pupil amounts in the  Local Control Funding Formula (LCFF).

It is also applied to other State funds such as for Special Education, Child Nutrition, etc.

**While the COLA is a statutorily calculated percentage, the Governor and Legislature must still decide whether and how to fund it.  It is independent of Proposition 98.**

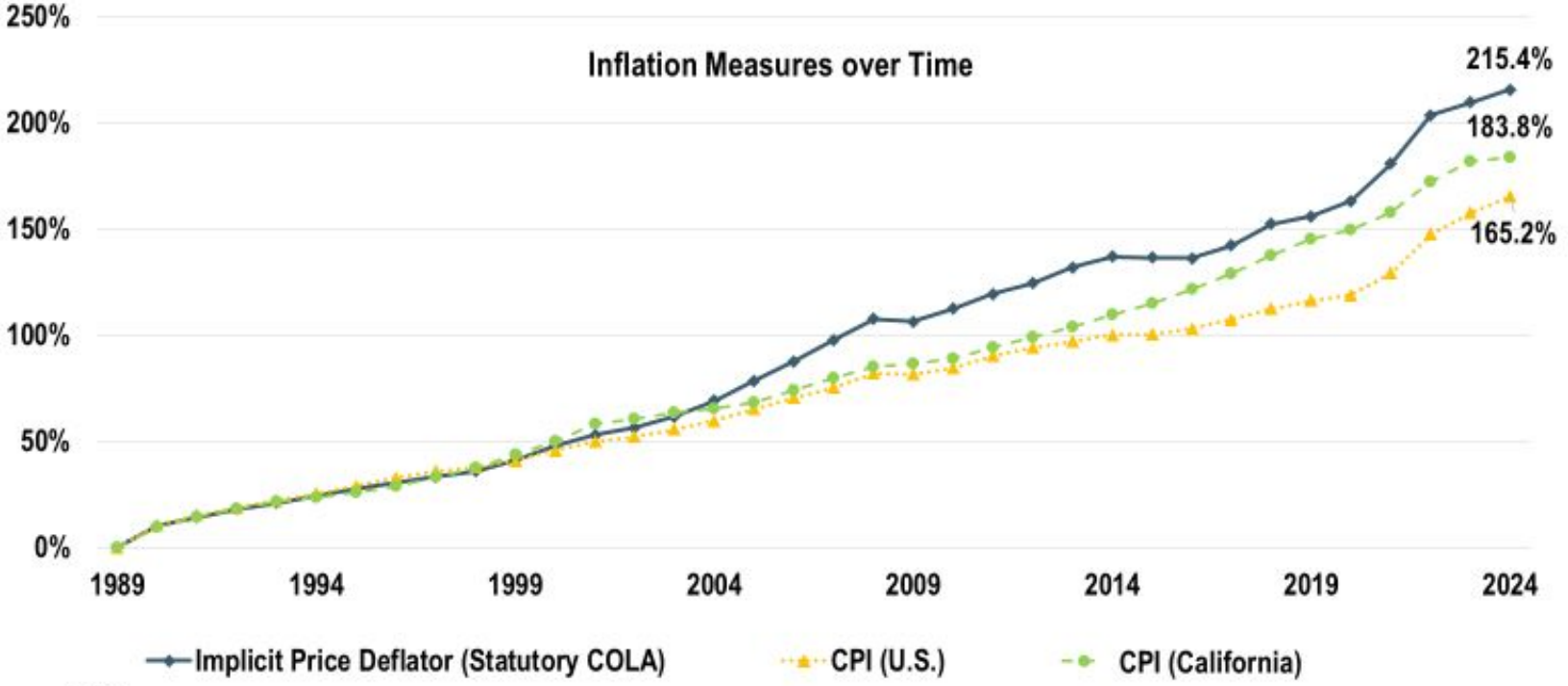
# Historical Statutory COLAs

- The statutory COLA for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies




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# How the Statutory COLA Index Measures Up




Source: FRED

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# 2026-27 School District and Charter School LCFF

**Base grants** are provided by grade span: TK-3, 4-6, 7-8, and 9-12

Two **grade span adjustments (GSAs)** are applied as percentage increases to the base grants: TK-3—10.4% and 9-12—2.6%

**UPP**—LEA's enrolled students who are English learners, free or reduced-price meal program eligible, or foster youth




Local Control Funding Formula (LCFF) base grants are increased by the 2.41% **estimated statutory COLA**—*an increase in funding per student, NOT total funding*

**Supplemental and concentration (S/C) grants** calculated based on the unduplicated pupil percentage (UPP)

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# LCFF and Piedmont

Assume enrollment stays the same

2.41% COLA applied to per pupil amounts

| Year | Enrollment | Funded ADA* | LCFF $ per ADA (Avg) | Total Funds |
|---|---|---|---|---|
| 2025-26 | 2,476 | 2,390.14 | $11,755 | $28,095,530 |
| 2026-27 | 2,476 | 2,389.22 | $12,037 | $28,759,832 |
| **Difference:** | **-0-** | **(0.92)** | **$282** | **$664,302** |
| **% Change** | **0%** | **0%** | **2.40%** | **2.36%** |

*Funded ADA uses greater of prior 3 year average, prior year or current year to slow down the impact of declining enrollment.

# Other Possible Revenues

- $2.8 Billion One-Time, Flexible Grant
  - Could be $500 per ADA
  - Could be subsumed by other State needs
  - Need to be ready for it, but should not expect it.
- Learning Recovery Emergency Block Grant (LREBG)
  - District will need to do a needs assessment to determine how these funds will be used.
  - Allocation will be over 3 years - $228 per ADA.



# Multiyear Projections

# Multi Year Projections

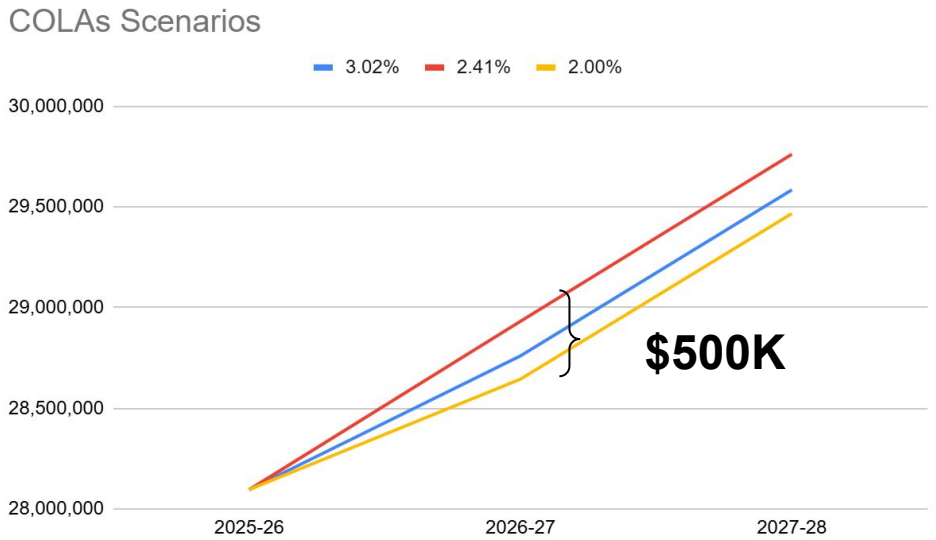
The MYP incorporates assumptions based on what we know at a particular moment in time..

- Certain assumptions are not likely to shift much between now and June:
  - Measure G and Measure P amounts
  - STRS & PERS rates
  - cost of step & column increases
- Other assumptions are very likely to shift:
  - COLA
  - Enrollment
  - Program-related staffing needs
  - Additional salary increases

# LCFF COLA

The Cost of Living Adjustment (COLA) is applied to the base LCFF formula to determine how much more we will have in future years. **The difference between 3.02% and 2.41% is about $150K per year.**

- **3.02%** - assumed at 1st Interim.
- **2.41%** - Governor's current projection
- **2.00%** - School Services projection



# Enrollment & ADA




- Enrollment is the count of students enrolled as of Census Day in October.
- ADA is the average daily attendance over the course of the year.
  - Usually between **95% to 97%** of enrollment
- To maintain enrollment at current levels, we may need to add inter-district transfer students in under-enrolled grades.

# Enrollment Assumptions

| | TK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total | % Change | # change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | 46 | 153 | 147 | 163 | 142 | 167 | 176 | 183 | 161 | 169 | 191 | 224 | 207 | 215 | 2,344 | -0.17% | (4) |
| **2023** | 48 | 135 | 156 | 152 | 169 | 144 | 174 | 177 | 186 | 170 | 166 | 193 | 226 | 212 | 2,308 | -1.54% | (36) |
| **2024** | 79 | 160 | 156 | 170 | 161 | 187 | 167 | 193 | 189 | 194 | 201 | 173 | 198 | 227 | 2,455 | 6.37% | 147 |
| **2025** | **72** | **172** | **168** | **162** | **188** | **166** | **192** | **185** | **190** | **190** | **220** | **198** | **173** | **200** | **2,476** | **0.86%** | 21 |
| **2026** | 72 | 154 | 172 | 168 | 162 | 188 | 179 | 192 | 191 | 190 | 210 | 220 | 198 | 174 | 2,470 | -0.24% | (6) |
| **2027** | 72 | 154 | 154 | 172 | 168 | 162 | 188 | 179 | 192 | 191 | 209 | 210 | 220 | 199 | 2,470 | 0.00% | - |
| **2028** | 72 | 154 | 154 | 154 | 172 | 168 | 175 | 188 | 196 | 192 | 206 | 209 | 210 | 220 | 2,470 | 0.00% | - |

Green boxes are grades that may need to add students to existing cohorts.

TK (4 classes) and K (7 classes) at capacity

Maintain 7 "sections" per grade at PMS

Maintain 200 per grade at PHS + 75 at MHS

# What adjustments are incorporated into 2026-27?

- Revenue increases:
  - $665K from 2.41% COLA increase to LCFF.
  - Other State funds also increase by 2.41%
  - Parcel tax (Measure G) increase by 2%.
  - Overall revenue increase of .25%
- Revenue decreases:
  - One-time grants removed
  - PEF donation reduced to $3,800,000

- Expenditures adjustments:
  - Salaries increased by step & column estimate of 1.15% / 1%
  - Added 1.7 positions to Certificated
  - Benefits are increased based on known increases to PERS.
  - Prior year carryover & other one-time expenses removed, then ongoing expenses increased by CPI 3.08%

# General Fund - Multiyear

The Multiyear projection, updated with the latest from the Governor, shows less in ongoing funding in 2026-27, but ongoing stability in District finances.

| MULTIYEAR PROJECTIONS - 2025-26 January Update | | | |
|---|---|---|---|
| | 2025-26 | 2026-27 | 2027-28 |
| Beginning Balance | $ 5,989,928 | $ 6,971,583 | $ 7,427,952 |
| Total Revenues | $ 58,492,977 | $ 58,636,790 | $ 59,822,015 |
| Total Expenditures | 57,511,322 | 58,180,421 | 58,960,761 |
| Net Surplus (Deficit) | 981,655 | 456,369 | 861,255 |
| **Ending Fund Balance** | **$ 6,971,583** | **$ 7,427,952** | **$ 8,289,207** |

# Details of the Ending Fund Balance

The Ending Fund Balance is where all funds not spent or budgeted to be spent during the fiscal year "land". It becomes the Beginning Fund Balance for the next fiscal year.

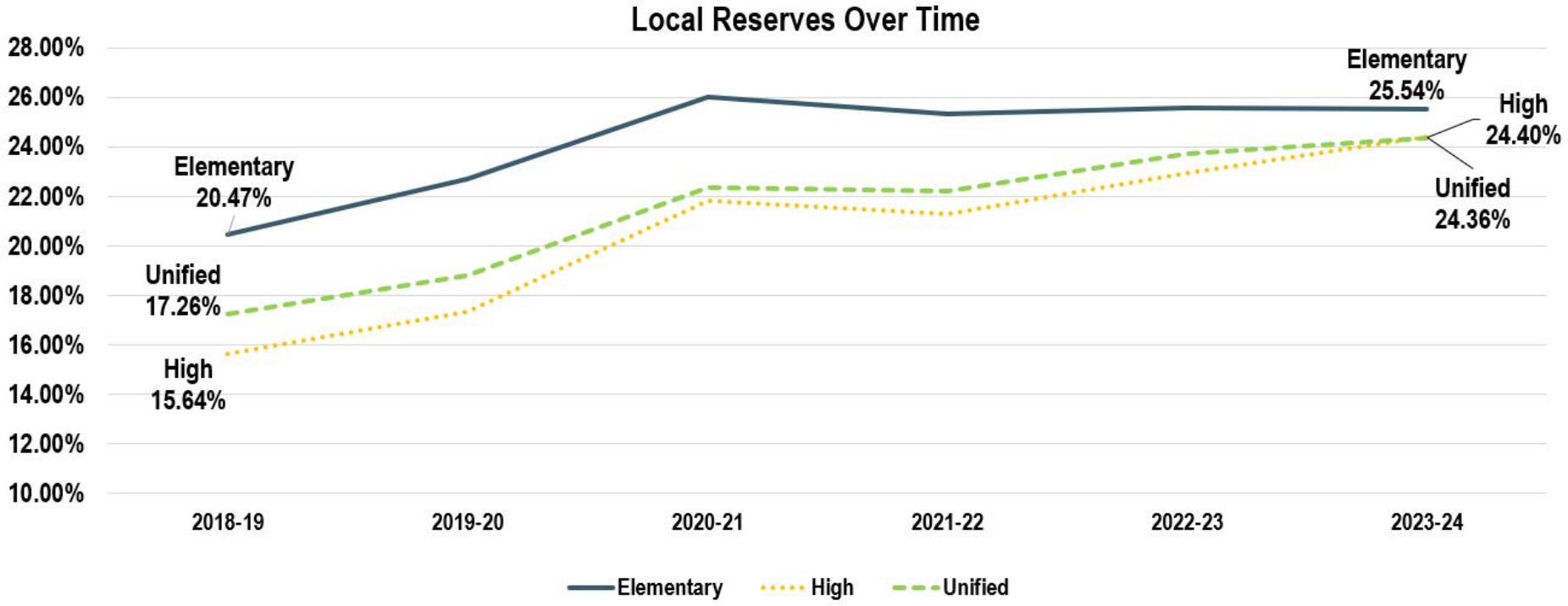
| Details of Ending Balance: | 2025-26 | 2026-27 | 2027-28 |
|---|---|---|---|
| Restricted - Revolving cash | $ 44,100 | $ 44,100 | $ 44,100 |
| Restricted - ELOP | 257,035 | 357,035 | 457,035 |
| Restricted - State Block Grant | 740,641 | 740,641 | 740,641 |
| Restricted - Prop 28 | 94,263 | 94,263 | 94,263 |
| Restricted - Other | 274,790 | 274,790 | 274,790 |
| Reserved - Fac. Rental Income | 186,316 | 186,316 | 186,316 |
| Reserved - Anticipated SPED Costs | 1,350,000 | 700,000 | 700,000 |
| Required 3% Reserve | **1,730,000** | **1,745,413** | **1,768,823** |
| Unspent unrestricted funds | 2,294,438 | 3,285,394 | 4,023,239 |
| **Ending Fund Balance** | **$ 6,971,583** | **$ 7,427,952** | **$ 8,289,207** |

ELOP revenues are "ongoing" so the balance grows until we spend it or give it back to the State.

The ongoing funds not spent are collected here, plus some one-time unrestricted funds.

# 2023-24 Reserve Levels

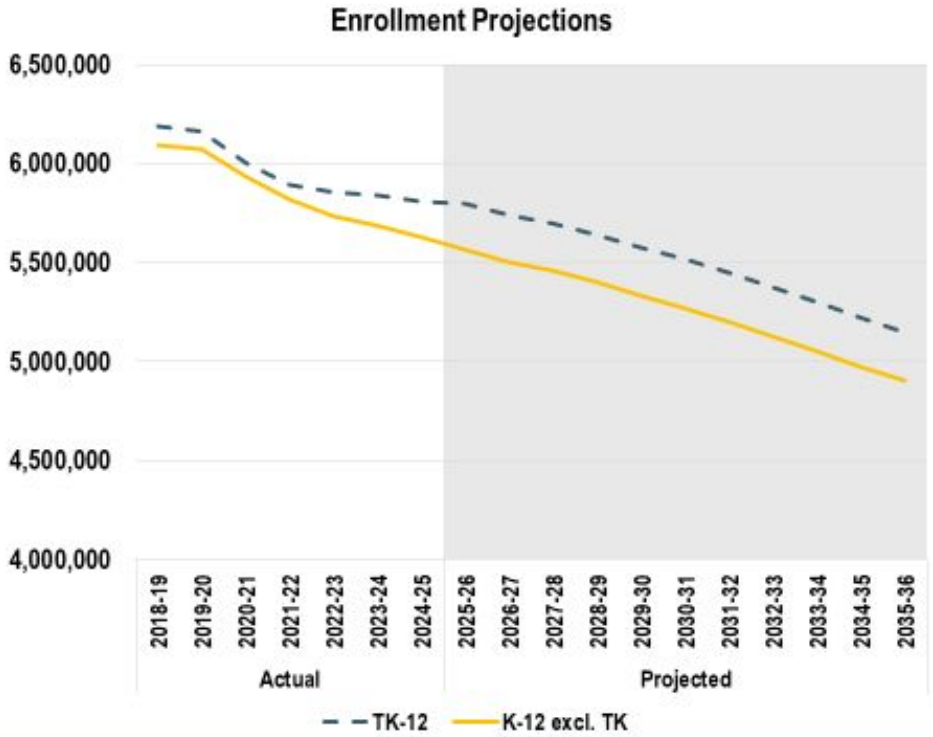
- **Reserve balances significantly increased during the pandemic largely due to one-time COVID-19 and other one-time emergency funds**




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# Student Enrollment Forecast

- Statewide enrollment continues to decline
- Since 2018-19, statewide enrollment has dropped 6.1%
  - By 2034-35, it is projected to decrease by 16.3%
- Implementation of TK has helped slow down the decline
  - With full implementation in 2025-26, the annual 1.0% decline is forecasted to return for the next ten years




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# Take Aways

- About the same revenues as we saw at 1st Interim.
- May have opportunity to consider on-going and one-time investments starting in 2026-27.
- Piedmont's situation is much different from other Districts



# Budget Development Process

- School Board Workshop
  - Workshop Materials
- Budget Advisory Committee
- Public Hearing and Resolution
- Final Budget Adoption

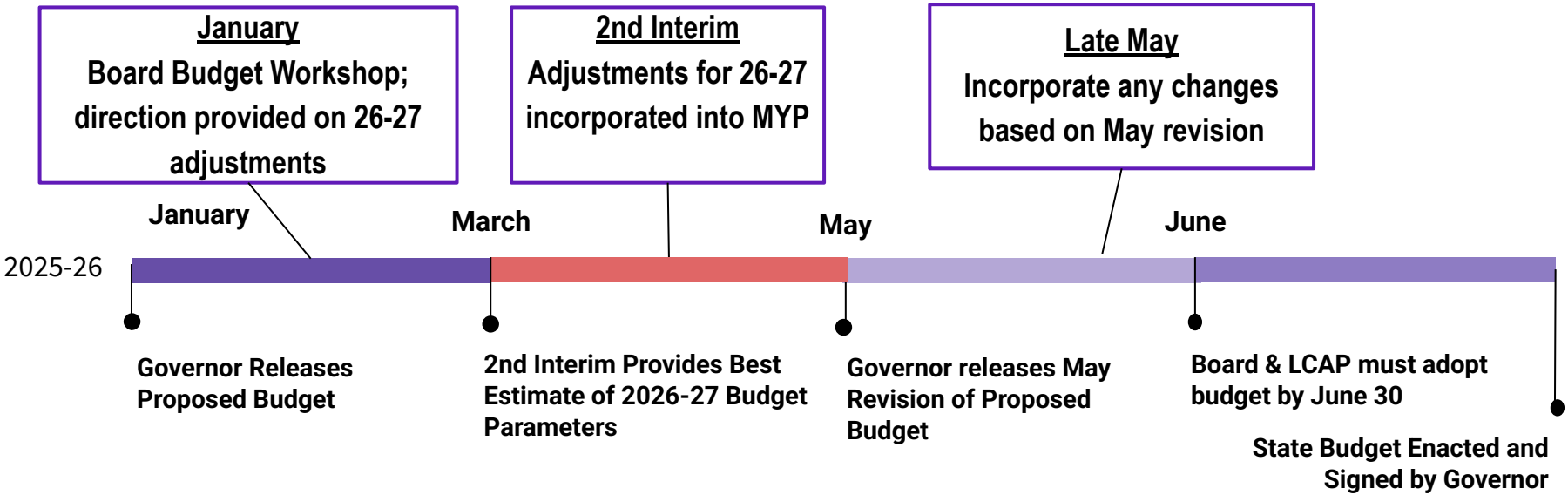
# Future Investments - Ongoing

| Ongoing Idea | Annual Cost Estimate | Note |
|---|---|---|
| Salary & benefit increases | $380,000 | For every 1% salary increase |
| Smaller class sizes | $147,000 | Per elementary, for 1 teacher + support & specials. Add $200K if facilities are not avail and a portable classroom is needed.. |
| Expand program offerings | $35,000 | Per additional class/section |
| Expand library availability at PHS | $25,000 | Add'l .5 FTE library media tech |
| ELOP (Wrap around enrichment) | $50,000 | For a coordinator |
| Buses for field trips | $60,000 | $1,000 for 50 students; 1 trip per grade, K-8; annually |
| Field trip coordinator | $6,000 | $2,000 stipend per elem school for a teacher to coordinate field trips. |

# Future Investments - One-time

| One-Time Ideas | Cost Estimate | Note |
|---|---|---|
| New staff computers | $120,000 | $800 per x 150 |
| Facilities Projects - Summer 2026 List | $740,000 | Projects approved by Board 1/21/26 |
| Replace Binks Boiler | $300,000 | Priority 2 on Facilities List |
| Replace maintenance trucks | $150,000 | 3 trucks, $50,000 each |
| 9-Passenger van for Athletics | $50,000 | Can be driven by a coach |
| Solar Panels for STEAM & Theater buildings | $1,400,000 | 700 Panels, $2K per panel |

# Budget Decision Timeline



# Budget Development Process

| | |
|---|---|
| January | • *1/09 Governor's Budget Proposal released*<br>• 1/23 Board Budget Workshop<br>• **1/29 BAC Meeting to review Governor's Budget Proposal** |
| February | • 2/11 Board meeting - any substantive reductions to staffing for 2026-27 would have to be approved at this meeting. |
| March | • 3/4 BAC Meeting to review 2nd Interim<br>• 3/4 2nd Interim Report presented with MYP Projections<br>• 3/15 If required, March 15 notices mailed |
| April | • 4/23 BAC Meeting to review 2026-27 budget adjustments. |
| May | • Governor releases May Revisions to budget proposal for 2026-27<br>• 5/20 Subcommittee report to Board on parcel tax increase recommendations.<br>• 5/21 BAC Meeting to review final impact of May Revise on 2026-27 budget. |
| June | • 6/3 Board holds public hearing on draft budget<br>• 6/17 Final budget adopted by Board |

# Questions and/or Comments?

Thank you for participating today.  Please complete the
**feedback form here**
to help us improve for next month.