

PIEDMONT UNIFIED SCHOOL DISTRICT

MEMORANDUM

TO: Board of Education

FROM: Randall Booker, Superintendent
Ruth Alahydoian, Chief Financial Officer

DATE: January 26, 2022

RE: **GOVERNOR'S PROPOSED BUDGET FOR 2022-23 –
INFORMATION/DISCUSSION ITEM ONLY**

I. SUMMARY

On January 10, 2022, Governor Gavin Newsom released his Proposed State Budget for 2022-23. This is a critical piece of the District's 2022-23 budget development process. The proposed revenues will be the only information available until May, when the Governor will provide a May Revision. The State Legislature will begin review and deliberation of the proposal and may make significant changes before final approval of the State budget in June. A summary of the proposal, as it pertains to Piedmont Unified School District, will be presented.

The multiyear projections (MYP) have been updated with the proposed changes and will also be presented.

II. BACKGROUND

The State of California's fiscal condition has rebound considerably. As a result, school funding is on track to receive a significant portion of the additional revenues. A portion will be distributed to all districts through the cost of living adjustment (COLA). The Governor has proposed that an even larger proportion go to specific (categorical) programs. The key elements that will impact the District are:

- **Local Control Funding Formula (LCFF):** The LCFF determines the bulk of the State's funding to school districts. The formula assigns a base grant amount per student, with differing amounts depending on grade. For Piedmont, an increase in the base funding through the COLA adjustment is the most important revenue adjustment in the State budget. LCFF represents 48% of the District's revenues.
 - **COLA:** The Cost of Living Adjustment (COLA) is derived from a statutory formula. The Governor estimates that the COLA will be **5.33%**. Our prior

projections were 2.48%. This difference generates \$600,000 in additional LCFF revenues in 2022-23.

- **ADA Calculation.** School funding is based on Average Daily Attendance (ADA), and with enrollment declining throughout the State, school districts are anticipating a loss in funding. In response, the Governor has proposed a new option for calculating ADA. In addition to the current options of the greater of current year or prior year ADA, the Governor has proposed the **average of three prior years**. This option cushions the decrease in funding for Districts like Piedmont with declining enrollment. Using the three-year average rather than the prior year for ADA results in an increase in LCFF funding of \$1,300,000.
- These two changes will result in **\$1.9 million more in LCFF revenue than we projected at 1st Interim** for 2022-23.
- **SPED:** The Governor's proposal increases the funding for SPED. The base rate is proposed to increase by \$105, which would generate approximately \$250,000 for the District. While the additional funds are appreciated, the District's SPED related costs have increased by more than that amount this year as additional services are needed to make up for lost learning during COVID. Most of these additional services are paid from one-time resources. If we determine that these services will be needed for at least another year, the additional funds will simply replace the one-time.
- **Facilities Funding:** The other significant proposal (for Piedmont) in the Governor's budget is the proposed contribution of \$2.2 billion to the State Facilities Program. If this is approved, Piedmont is in line to receive **\$6.9 M over the next two years**.
 - These funds will reimburse the funds that were expended on eligible projects and will allow the District to repay the \$2.4 million that is being borrowed to complete the work.
 - The remaining \$4.5 million will be available for other bond-eligible projects, such as Witter Field.
- **Other educational programs.** The Governor proposes to invest in a number of other programs. The District will monitor the following programs as more information is available:
 - Career pathways (Career Technical Education) in Technology, health care, education and climate-related areas.
 - Dual enrollment for high school students.
 - Expanded and enriched learning opportunities through after school programs.
 - Transitional kindergarten.

- Universal meals (free breakfast and lunch)
 - Educator workforce development
- **Multiyear projections.** The bottom line for the District is we no longer have a budget challenge in our multiyear projections. The gap between revenues and expenditures over the next two years that was identified at budget adoption in June is now eliminated based on the current assumptions.
- **Next steps.** Now that the revenue projections for next year are in place, we are reviewing the expenditure projections to have a more complete budget picture for the board when the Second Interim report is presented on March 9. I
 - Review all current expenditures that are paid from one-time funds (e.g., Expanded Learning Opportunities Grant) to determine which should be continued:
 - Summer School
 - Tutors
 - Additional counseling
 - Additional instructional paraeducators
 - Health clerks
 - SPED placements for specific services
 - Review the LCAP to ensure goals and action items are being met.
 - Review facilities needs that are critical.

III. RECOMMENDATION

Information / Discussion Item; no action required