

PIEDMONT UNIFIED SCHOOL DISTRICT

M E M O R A N D U M

TO: Board of Education

FROM: Dr. Donald Evans, Superintendent

PRESENTER: Ruth Alahydoian, Chief Financial Officer

DATE: October 12, 2022

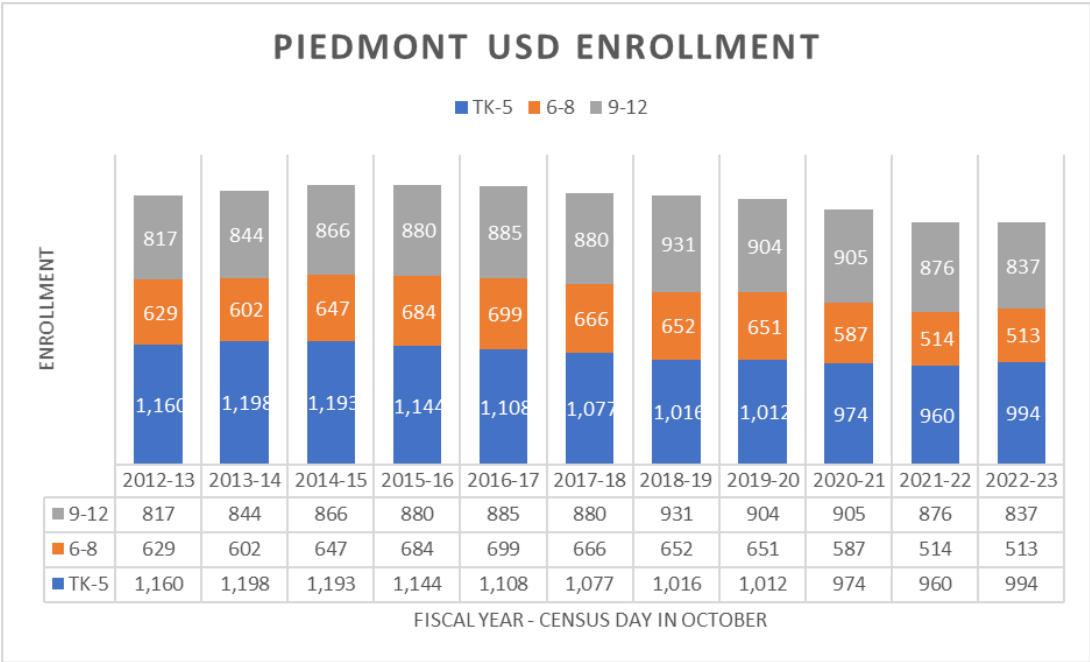
RE: **REVIEW THE 2022-23 BUDGET AND MULTIYEAR PROJECTIONS
BASED ON INFORMATION AVAILABLE, INCLUDING CENSUS
DAY ENROLLMENT AND ACTUAL EMPLOYEE COSTS**

PURPOSE:

Updated information on enrollment and personnel is incorporated into a budget update and multiyear projections for the Board as of October 6, 2022. This update incorporates the Census Day (October 5, 2022) enrollment information in the updated revenue projections. It also incorporates salary and benefit information based on actual people in positions. This year, with offers on the negotiation table for salaries and benefits, the multiyear projections also identify and incorporate the cost associated with those offers.

BACKGROUND:

Enrollment. Census day for school districts is the first Wednesday in October. The enrollment numbers on that day are considered the official count for the school year, even though students come in and out of the District throughout the year. As of October 5, 2022, the District's total enrollment is **2,344**. This is 4 fewer than 2021-22, and 34 less than our estimate for 2022-23. The table below shows enrollment by grade span.



Another way to look at enrollment is by tracking cohorts. The table below shows the progression of a cohort of students through their journey through PUSD. The original size of the TK/K cohort tends to increase through senior year. Starting in 2017, elementary enrollment has decreased. This is in line with state-wide trends. The largest drops during the height of COVID are also reflected in state-wide data.

Piedmont USD
Census Day Enrollment (October of each year)
2023 and 2024 are projections

	TK	K	1	2	3	4	5	6	7	8	9	10	11	12	Total	% Change	# change
2012	11	173	172	183	216	214	191	218	190	221	201	221	190	205	2,606	2.12%	54
2013	19	159	196	185	196	223	221	187	220	195	223	206	223	192	2,645	1.50%	39
2014	24	144	177	206	199	209	234	229	197	221	206	229	202	229	2,706	2.31%	61
2015	31	136	159	178	221	204	215	251	237	196	237	210	226	207	2,708	0.07%	2
2016	26	154	149	157	187	227	208	206	251	242	213	235	212	225	2,692	-0.59%	(16)
2017	28	152	163	156	163	190	225	208	208	250	233	207	232	208	2,623	-2.56%	(69)
2018	21	150	161	163	162	168	187	231	211	210	249	242	208	231	2,594	-1.11%	(29)
2019	21	140	171	174	173	166	167	202	235	214	212	243	239	210	2,567	-1.04%	(27)
2020	18	138	137	168	177	167	167	166	194	228	217	212	237	237	2,463	-4.05%	(104)
2021	32	140	148	135	167	168	167	158	164	191	232	207	206	232	2,347	-4.71%	(116)
2022	46	153	147	163	142	167	176	183	161	169	191	224	207	215	2,344	-0.13%	(3)
2023	61	154	153	147	163	142	167	176	183	161	179	191	224	207	2,308	-1.54%	(36)
2024	91	154	154	153	147	163	142	167	176	183	171	179	191	224	2,295	-0.56%	(13)

The impact of declining enrollment on funding is buffered by the formula for calculating Average Daily Attendance (ADA) for the funding formula. The recent State Budget

approved using the prior three years of actual ADA to calculate the ADA used for funding purposes. Using this new methodology, the District’s ADA will eventually catch up (or shift down) to the enrollment levels, but the shift will take a few years. The table below shows the projected enrollment and correspond ADA used in the multiyear projections. Note that additional interfund transfers are still expected – 30 in 2023-34 and 7 more in 2024-25.

	2022-23	2023-24	2024-25
Enrollment	2,344	2,338	2,302
Funded ADA	2,426	2,355	2,277

MULTIYEAR PROJECTIONS (MYP): The MYP have been updated to provide an understanding of how the current enrollment, revenue, and expenditure patterns will play out over the next two years. The most significant new information at this time is the proposed salary increases.

In the MYP attachment, the following adjustments have been incorporated:

- LCFF revenues have been adjusted to use the census enrollment, and the three prior years for Average Daily Attendance (ADA).
- The one-time funds in the 2023-23 State Budget have been used for a one-time deposit into Fund 17 as the reserve for Economic Uncertainty. This will require board action. A plan will be brought to the board for consideration at the next board meeting.
- The one-time bonus to CSEA employees from Measure H in July 2022 has been incorporated into Salaries and Benefits.
- The Beginning Fund Balance for 2022-23 has been updated based on the Unaudited Actuals for 2021-22.
- Future year Measure H funds that have not yet been negotiated are shown in the Components of the Ending Fund Balance in the two out-years. The negative “remainder” line assumes that we cannot use the Measure H funds. However, without any further changes or adjustments to the budget, those funds will be needed to cover the current projected budget shortfall.
- There are no savings from the retirements and resignations. We were fortunate to attract teachers with experience to replace those who left. However, there is about \$200,000 to \$400,000 in savings in health benefit costs. This savings is incorporated into the current year budget for benefits, making the current offer affordable.

	2022-23	2023-24	2024-25
Revenues:			
LCFF	\$25,545,830	\$26,194,949	\$26,405,504
State One-Time	1,673,140	0	0
Other Fed & State	4,401,664	4,467,874	4,501,350
Local (Parcel, PEF, Other)	20,017,275	19,811,097	20,104,031
Total Revenues	51,637,909	50,473,920	51,010,885
Expenses:			
Salaries & Benefits	42,661,543	41,781,030	41,814,331
Other Non-Personnel Costs	8,235,137	7,481,051	7,621,161
<i>Cost of 7.5% (All Employees)</i>	<i>1,861,949</i>	<i>2,232,707</i>	<i>2,030,365</i>
<i>Cost of \$1,500 one-time</i>	<i>629,032</i>	<i>0</i>	<i>0</i>
<i>Transfer to Special Reserve</i>	<i>1,500,000</i>	<i>0</i>	<i>0</i>
Total Expenditures	54,887,661	51,494,788	51,465,857
Net Surplus (Deficit)	-3,249,752	-1,020,868	-454,972
Beginning Balance	4,888,296	1,638,544	617,676
Ending Balance	\$1,638,544	\$617,676	\$162,704
Restricted or Committed	1,340,820	315,326	94,000
Measure H	0	400,000	800,000
Remainder	297,724	-97,650	-731,296
3% Reserves in Fund 17	1,584,671	1,543,041	1,534,261

RECOMMENDATION/QUESTIONS FOR THE BOARD:

Review the 2022-23 General Fund Working Budget and Multi-Year Projections. This is an information item only.

FISCAL IMPACT:

The District's 2022-23 Budget will meet the 3% reserve requirement. The proposed offers are affordable with careful attention to avoid increasing costs. There is no cushion. If other adjustments are not made or revenues increased, the Measure H funds in 2023-24 and 2024-25 will be needed to cover the shortfall.

RELATED PAST BOARD ITEMS:

2022-23 Budget – Adoption, June 22, 2022
2022-23 Budget – 45-Day Update, August 10, 2022

ATTACHMENTS:

Multiyear Projections 2022-23 Budget – October Update