

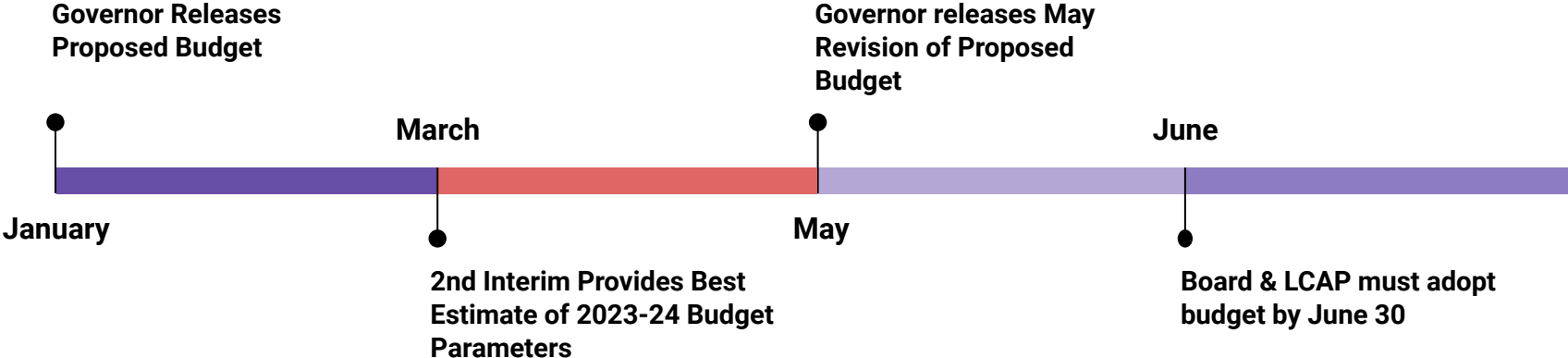


Governor's Budget Proposal for 2023-24

Piedmont USD Board of Education
January 25, 2023

Budget Timeline

2023-24

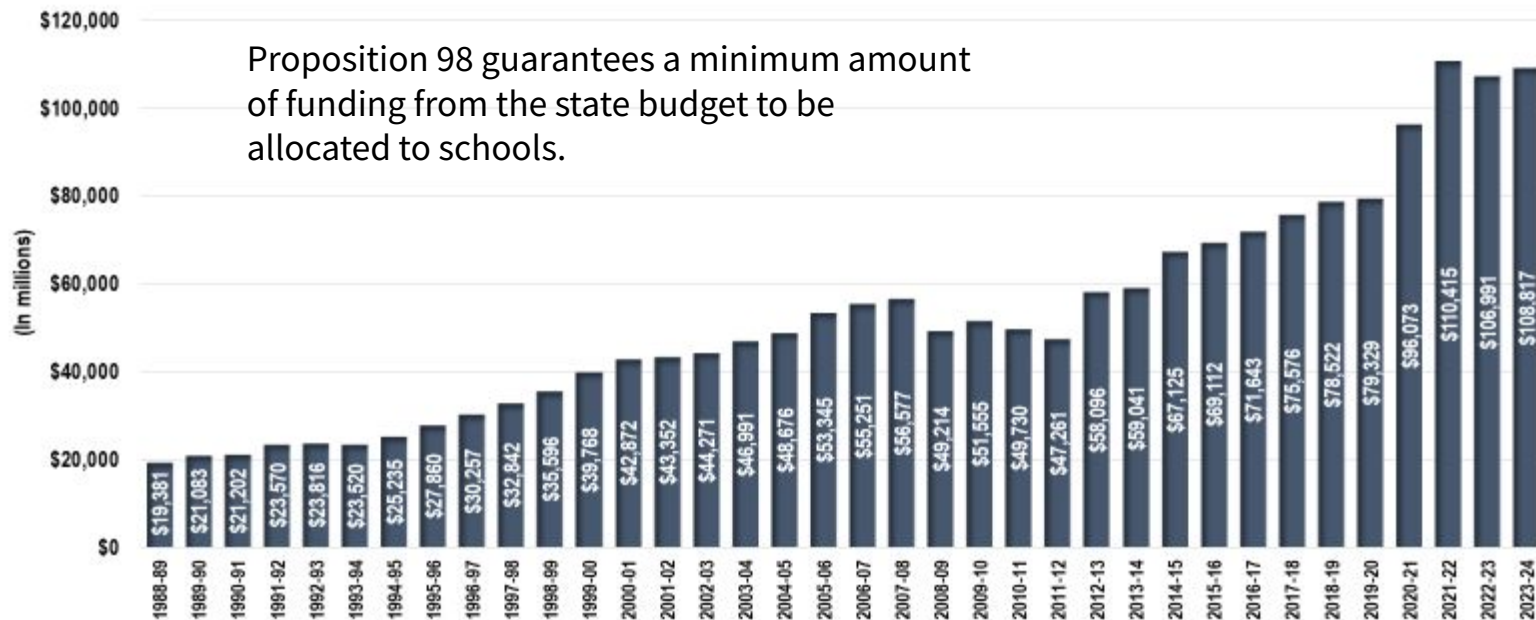


Governor's Proposal for 2023-24 Budget

Highlights

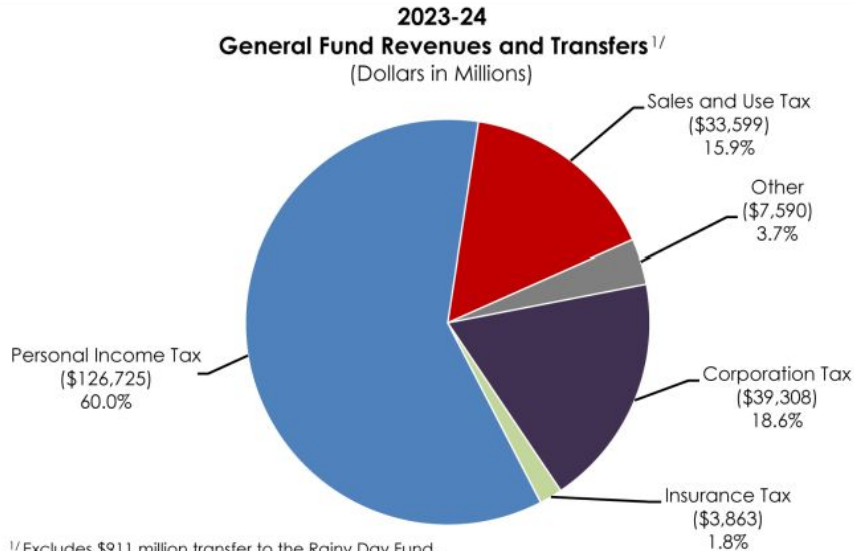
- Good news:
 - COLA is estimated to be 8.13%
 - Continued investment in TK, SPED and free breakfasts and lunches
- Bad news:
 - Claw-back of $\frac{1}{3}$ of AMIM one-time from 2022-23
 - PERS increase
- Good and Bad:
 - Proposition 28 (Arts/Music funding)
 - Recession not projected

Proposition 98 Minimum Guarantee



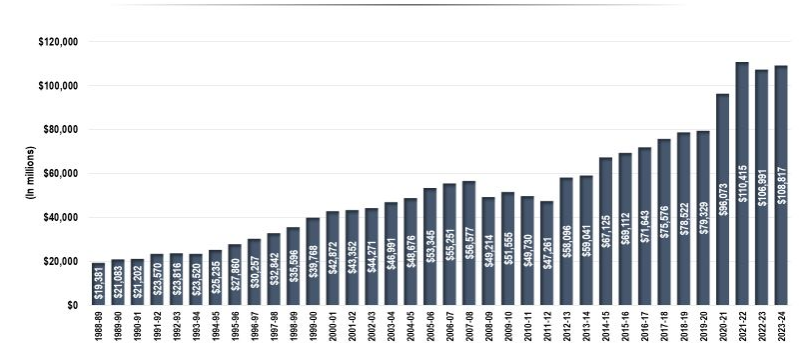
State Revenues and School Funding

- Big Three Taxes determine health of state revenue: Personal Income Tax, Sales and Use Tax, and Corporation Taxes



- Proposition 98 Test 1 requires 38% of **new** revenue to be allocated to schools.

Proposition 98 Minimum Guarantee



LCFF Funding Formula and COLA

- A Cost of Living Adjustment (COLA) is calculated every year and applied to the LCFF formula to ensure that school district funding keeps pace.
- COLA is determined by a statutory formula. For 2023-24, the Governor projects it will be **8.13%**
- The increase in COLA from 5.38% to 8.13% increases Piedmont's LCFF revenues by approx. **\$425 K**. The full increase is \$1.1 M, but a portion of that was already part of our budget projections.
- LCFF uses Average Daily Attendance (ADA) for the student count. As enrollment declines, ADA goes down, reducing revenues.
- LCFF is only 50% of Piedmont's revenues. Other revenue sources do not grow at that rate.

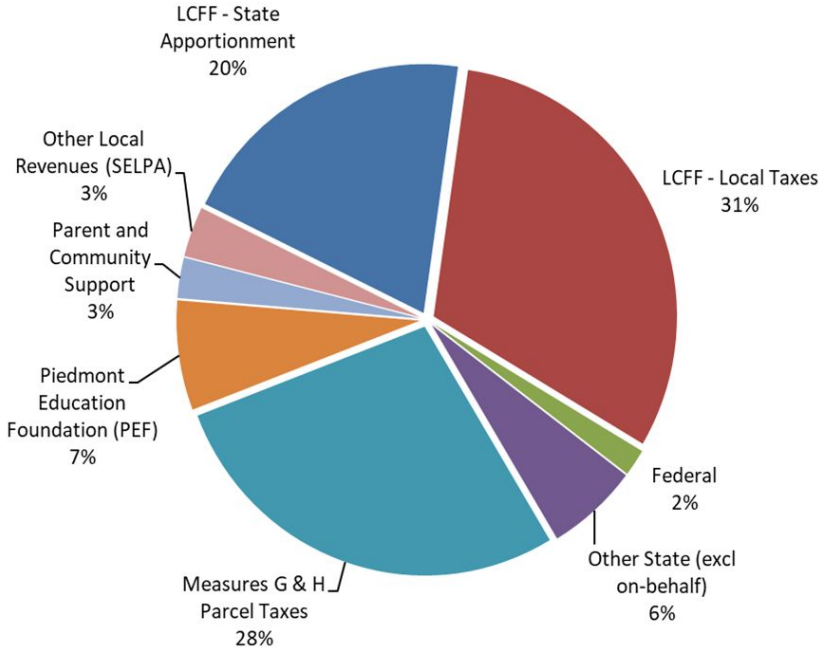
LCFF and Piedmont

Year	Enrollment	Funded ADA*	LCFF \$ per ADA	Total Funds
2022-23	2,344	2,423.84	10,442	25,309,737
2023-24	2,322	2,336.58	11,317	26,443,076
Difference:	-22	-87.26	875	1,133,339
% Change	-0.94%	-3.60%	8.38%	4.48%

*Funded ADA uses prior 3 year average to slowly catch-up to actual ADA, which is still inflated from prior year inflated ADA. Also, 2022-23 ADA 'yield' is down from prior years - 96% vs. 97%.

Piedmont Revenues from 1st Interim

- LCFF is 51% of District revenues.
- Other revenue sources not expected to increase at same rate (8.13%).
 - PEF - steady at \$3 M
 - Measure G - max. 2%
 - Measure H - 0% increase
 - Parent/Comm - 0% increase
 - SELPA - 8.13%
 - Federal - 0%
 - Other State - 8.13%



Arts and Music Funding

- 2022-23 One-Time Discretionary funds were labeled "Arts & Music Instructional Materials Grant (**AMIM**)"
- District expects to receive \$1.5 M
- Board has approved plan to use grant to fund one-time 3% required set-aside, and leave on-going funds available for other uses (salary increases).
- Governor proposes to claw back $\frac{1}{3}$ of these funds (\$500,000)

- **Proposition 28** - Arts and Music in Schools Funding Guarantee and Accountability Act adds funds to the Prop. 98 for arts and music education.
- District expects to receive \$266,000 annually.
- 80% of funds are to be spent on personnel.
- "Supplement not Supplant" language needs clarification.

- Does District want to add to existing arts and music?
- Does District want to use grant for existing programs currently funded by PEF and others?
- Without details, should we even include these funds as Revenue?

Other Programs - Good & Bad News

- *Support continues for:*
 - Transitional Kindergarten
 - Universal Meals
 - State School Facilities Program - with slight reduction
 - Transportation
- *No support in sight for:*
 - STRS - no increase projected, but 19.1% is still a big increase from 8.25% in 2013.
 - PERS increases - big change from prior estimates
 - \$138 K in 23-24
 - \$271 K in 24-25

Year	Prior Projections per SSC Dartboard	Projected Rates per Most Recent CalPERS Actuarial Report
2022-23	25.37%	25.37%
2023-24	25.20%	27.00%
2024-25	24.60%	28.10%





Budget Projections - Snapshot as of Today

- One-time revenues and expenses are backed out.
- All positions are carried forward except for approx. 1 FTE certificated and 1 FTE classified currently funded with PEF supplemental grant funds.
- Next Steps - not included in projections yet:
 - Revise staffing based on enrollment projections
 - Review LCAP actions
 - Determine other possible reductions based.

Multi-year projections

Governor's Budget	2022-23	2023-24	2024-25
Beginning Balance	\$4,888,296	\$2,423,694	\$2,228,489
Revenues	52,089,794	50,889,188	51,507,711
Expenditures	(54,554,396)	(52,634,393)	(52,834,294)
GAP - Unidentified Cuts		1,550,000	1,550,000
Ending Balance	\$2,423,694	\$2,228,489	\$2,451,906
<u><i>Components of Ending Balance:</i></u>			
Reserved/Restricted	850,829	676,911	997,783
3% for Econ Uncertainty	1,636,632	1,532,532	1,538,529
Above / Below	-63,767	19,046	-84,406

Next Steps

January 	<ul style="list-style-type: none"> • Governor’s Budget released 1/10 & MYP Updated • BAC Meeting to review Gov’s Budget • Board review of how Gov’s Budget will affect PUSD
March 	<ul style="list-style-type: none"> • BAC Meeting to review 2nd Interim • 2nd Interim Report presented with budget solutions for 2023-24 • If required, Board takes action on reductions for 2023-24 that may involve positions • If required, March 15 notices mailed
April 	<ul style="list-style-type: none"> • BAC develops recommendations to Board for 2023-24
May 	<ul style="list-style-type: none"> • BAC presents budget recommendations to Board (possible increase to parcel tax levy) • Governor releases May Revisions to budget proposal for 2022-23
June	<ul style="list-style-type: none"> • Board holds public hearing on draft budget • Final budget adopted by Board