



August 19, 2021

Chris Arend, President, Board of Trustees
Paso Robles Joint Unified School District
9610 Nacimiento Lake Drive
Paso Robles, CA 93446

Curt Dubost, Ed.D., Superintendent
Paso Robles Joint Unified School District
PO Box 7010
Paso Robles, CA 93446

RE: Fiscal Year (FY) 2021-22 Board-Approved Budget and Local Control Accountability Plan

Dear Board President Arend and Dr. Dubost:

California Education Code Sections 42127 and 52070 require that I review the Local Control Accountability Plan (LCAP) and the Board-Adopted Budget for all public school districts in my county to determine compliance with the Criteria and Standards established by the California State Board of Education (SBE) and to verify that the Adopted Budget includes expenditures necessary to implement the LCAP and allow the district to meet its financial obligations and multi-year commitments.

On the basis of our review and analysis, the San Luis Obispo County Office of Education (SLOCOE) has determined that the 2021-22 LCAP as adopted by the Paso Robles JUSD Governing Board on **June 22, 2021** is consistent with the state-required criteria and standards, and is therefore approved with the following concerns/comments:

A. LOCAL CONTROL ACCOUNTABILITY PLAN

The County Superintendent of Schools is required to review and approve the district's Local Control and Accountability Plan or the annual update to an existing Local Control and Accountability Plan prior to the approval of the district's Adopted Budget [Education Code Section 42127(d)(2)].

In accordance with California Education Code (EC) Section 52070, our office has completed its review of the district's 2021-22 Local Control and Accountability Plan (LCAP) to determine whether it adheres to the guidelines adopted by the State Board of Education (SBE). The district's adopted LCAP has been reviewed to determine whether:

- The plan adheres to the template adopted by the State Board of Education;
- The budget includes sufficient expenditures to implement the actions and strategies included in the plan, based on the projected costs included in the plan; and
- The plan adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils.

The district's adopted LCAP was reviewed in the context of the guidance provided by the California County Superintendents Educational Services Association (CCSESA) and the California Department of Education (CDE). Based on our review, the district's Local Control and Accountability Plan for 2021-2022, adopted by the Paso Robles Joint Unified School District Governing Board on June 22, 2021, is fully consistent with the State required criteria and standards and therefore is approved.

LCAP TECHNICAL ASSISTANCE COMMENTS/FINDINGS:

In alignment with the spirit of EC 52071, SLOCOE reviewed the district's LCAP by template section. Below is a summary of SLOCOE's observations of the district's LCAP. In addition, when appropriate, SLOCOE has also provided technical assistance recommendations to the district intended to inform any updates or revisions that the district may deem necessary and appropriate.

Summary/Annual Update

The Summary provides an overview of the district that helps stakeholders understand the district story and access important LCAP information. The district provided analysis, data and graphics to highlight strengths and performance gaps, along with next steps.

The Annual Update provided information on all previous actions/services. The district has acknowledged fiscal challenges and has developed a pathway to provide full transparency in reporting actual costs of each action/service.

The district provided information on overall implementation and effectiveness highlighting areas of success and challenge. Clarity in this section supports analysis of the district's efforts in improving student success towards the specified goals.

Stakeholder Engagement / Goals, Actions, Services

The district-submitted LCAP described an LCAP engagement process that details the opportunities for LCAP stakeholders' input and how the input was incorporated into the district's LCAP goals. All required stakeholder groups were represented in consulting on the LCAP. The district provided a clear delineation of how stakeholder input is having an impact on future actions/services.

The district identified LCAP goals and metrics to measure student progress towards these goals over time. Baseline data is provided for the metrics along with expected growth over time. The district identified actions/services and corresponding costs across all three years. The district will need to work with the SLOCOE on further refining the actions/services that are funded by supplemental funds.

Increased or Improved Services for Foster Youth, English Learners, and Low-Income Students

The district LCAP reported a calculated supplemental and concentration grant in the amount of \$6,115,265 and a Minimum Proportionality Percentage of 10.38% for the fiscal year 2021-22. The district has a total unduplicated student count that is under 55% of the enrolled students. The unduplicated percentage defines the threshold of description that the district must provide as it relates to actions and services. The PRJUSD team is commended for submitting an IIEFL section identifying each action/service funded and provided on a schoolwide or LEA-wide basis

and providing descriptions supporting each of them as required. Paso's unduplicated pupil percentage requires a description of the following for any LEA-wide actions/service:

- *Describe how these services are principally directed to and effective in meeting its goals for unduplicated pupils in the state and any local priorities. Also describe how the services are the most effective use of the funds to meet these goals for its unduplicated pupils. Provide the basis for this determination, including any alternatives considered, supporting research, experience or educational theory.*

The district provided an organized description of the requirements specified above for the actions/services they indicated were contributing to increased or improved services.

Further discussion will be needed through the 21-22 LCAP cycle in the following areas:

- *How certain actions and services fully meet the specified requirement*
- *Differentiating how certain actions and services are an increase or improvement over what is done for all other pupils compared to effectively meeting the needs, conditions, and circumstances of unduplicated pupils*

B. FY 2021-22 BOARD-ADOPTED BUDGET

Minimum Reserves for Economic Uncertainty and Deficit Spending:

The district's Multi Year Projection (MYP) shows Fiscal Year (FY) 21-22 closing with a 14.66% reserve for economic uncertainty, with a continuing reserve level of 13.51% in FY 22-23, and 9.45% in FY 23-24.

The FY 21-22 reserve levels are well above the 3% statutory minimum reserve for economic uncertainty, but the increased reserve levels are from the artificially inflated COLA of 5.07% and the influx of one-time COVID-19 revenue. As a reminder, the FY 20-21 budget was conditionally approved and the influx of one-time dollars have masked the historic structural issues in the district's budget.

The district's MYP illustrates slight deficit spending in FY 22-23 of \$2.5M and FY 23-24 of \$3.3M. Please monitor the amount of deficit spending as this was an area cited as a partial cause of the district's fiscal distress in FCMAT's Fiscal Health Risk Analysis (FHRA).

Enrollment and Average Daily Attendance (ADA):

For LCFF-funded districts such as Paso Robles Joint Unified, the amount of district revenue is directly related to the Average Daily student Attendance (ADA). For FY 21-22 budget development, the district uses 6147.78 ADA to project its revenue, a decrease of 328.20 ADA from prior year FY 20-21 ADA of a COVID Held-Harmless 6,475.48. The district bases its FY 21-22 budget on conservative ADA assumptions as a result of uncertain COVID related ADA fluctuations and a charter school opening within the elementary school district boundaries. A ratcheting down of ADA for budgeting purposes is sound given the uncertain landscape. Please continue ADA monitoring as it is one of the areas cited in the FCMAT's FHRA as one of the causes to the district's past fiscal distress. Please follow the recommendations listed in the FHRA such that ADA accounting is accurate.

Long Term Debt and Liabilities:

The district's FY 19-20 Audit includes non-voter approved long-term debt of \$164,151,898. The debt repayment is budgeted in Fund 51, Capital Facilities Fund (Fund 50), and the Bond Interest and Redemption Fund (Fund 51). Please continue to monitor the revenue stream for these funds to ensure that adequate revenues are in place to provide for the current debt repayment for both principal and interest payments.

Additionally, the Audit identifies the district's Net Liability for Other Post Employment Benefits (OPEB) of \$21,610,313 as of June 30, 2020. The actuarial study indicates that the district's yearly benefit payment of \$2,390,818 is enough to fund the obligation over a period not to exceed thirty years.

Collective Bargaining Agreements:

The district indicates that it had not settled salary and benefit negotiations with its employee groups for the 2021-22 fiscal year at the time the annual budget was adopted by the Board in June. In the event of any new agreement, a Public Disclosure of Collective Bargaining Agreement will be due to my office ten (10) working days prior to the Board's ratification of any new or revised agreement.

Please call my staff or me if you have any questions about our review of the district's budget or LCAP.

Sincerely,



James J. Brescia, Ed.D.

County Superintendent of Schools

C: Brad Pawlowski, Chief Business Official, Paso Robles Joint Unified School district
Joe Koski, Ed.D., Executive Director, Educational Services, San Luis Obispo County Office of Education
Sonia Stuart, Business Services Coordinator, San Luis Obispo County Office of Education
Members, PRJUSD Board of Trustees