



Paso Robles Joint Unified School District

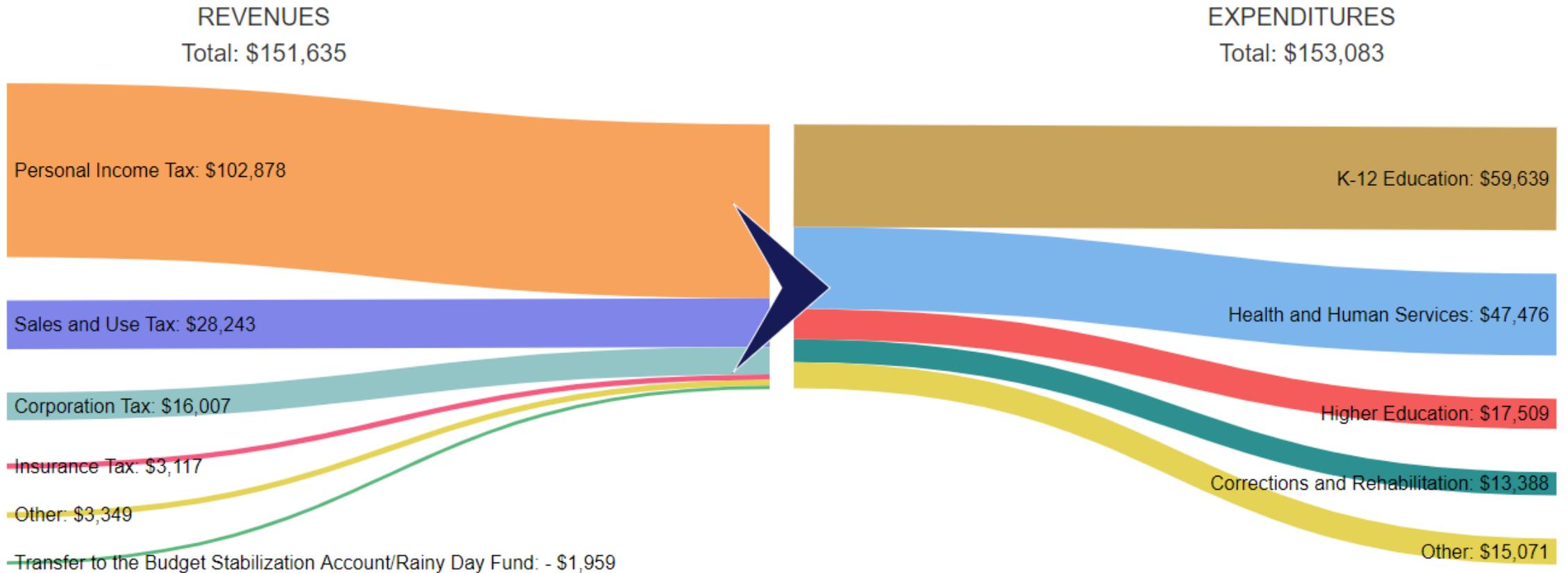
BUDGET UPDATE – APRIL 28, 2020

State of California Budget

- ▶ 2019 – 2020 Enacted Budget = \$208.9 Billion
- ▶ 2019 – 2020 Budget Proposal = \$222.0 Billion
 - ▶ *Published January 10, 2020* - “California’s economic growth has fueled the nation’s economy. As 2020 begins, California’s economy is the strongest in the nation and the fifth largest in the world. We’re eliminating debts, paying down pension liabilities, growing our reserve funds – the largest ever at \$21 billion – and one out of every seven new U.S. jobs is in California,” said Governor Newsom.”
- ▶ Within less than three months, the state devolved from a budget surplus to a “budget problem,” which he defined as the condition in which the state’s surplus and existing reserves are insufficient to meet existing obligations.
- ▶ Effects of the current recession are likely to be felt for the next two budget cycles, during which the state’s revenue loss could equal \$50 billion.
- ▶ Legislative Analyst’s Office (LAO) measures California’s Rainy Day Fund (Proposition 2 reserves) at \$17.5 billion—significantly less than half the amount of the reserves needed to backfill anticipated state revenue losses.

State of California Revenue

General Fund Revenues vs Expenditures (Dollars in Millions)



May Revision

- ▶ To be published on May 14, 2020
- ▶ Department of Finance –
 - ▶ Workload budget
 - ▶ No new programs, no one-time programs
 - ▶ SELPA reconfiguration not likely to happen
 - ▶ One-time SPED money not likely to happen
- ▶ FCMAT -
 - ▶ 175 day school calendar
- ▶ Potential scenarios
 - ▶ Deferrals of Apportionments
 - ▶ Interfund borrowing
 - ▶ Zero COLA
 - ▶ Budget Adjustments in August
- ▶ Budget Adjustment in August–
 - ▶ Trigger a layoff window for Certificated Staff
- ▶ Tax Revenue Anticipation Note (TRAN)
 - ▶ Temporary borrowing of Cash within the Fiscal Year
 - ▶ SLOCOE recommended having this flexibility because of the uncertainty

Series B of Measure M

Staff recommends Series B to be valued at \$30 M

- ▶ Recommended value based on:
 - ▶ Completion of remaining projects under construction
 - ▶ Additional HVAC, shade structures and roofing projects
 - ▶ Additional MPR at Speck
- ▶ Approximate \$150,000 cost in fees per series
- ▶ 85 % of funds must be expended in 3 years
 - ▶ With uncertainty of projects moving forward, staff recommends waiting to sell Series C (\$25M)

Worker's Compensation

Concern about rising costs in Worker's Compensation

- ▶ Temporary Disability doubled in last two years – Indicates our return to work program has room to improve
- ▶ Staff will conduct a review of “Top 12” claims with Sedgwick
- ▶ X-Mod is three-year rolling average
 - ▶ Best improvement since 1998 is – 0.13
- ▶ 20-21 premium increase significantly impacted by “Base Rate” adjustment

Historical Premiums

Worker Compensation Premium Information								
Fiscal Year	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Base Rate	\$ 1.89	\$ 2.16	\$ 2.19	\$ 2.18	\$ 2.21	\$ 2.15	\$ 2.15	\$ 2.38
X-Mod	0.91	0.97	1.09	1.22	1.29	1.29	1.30	1.32
District Rate Per \$100 Payroll	1.72%	2.10%	2.39%	2.66%	2.85%	2.77%	2.80%	3.14%
Estimated Payroll (Does not include benefits)	\$ 33,371,162	\$ 36,140,600	\$ 41,585,778	\$ 44,332,268	\$ 45,805,533	\$ 44,971,073	\$ 44,850,062	\$ 43,403,797
Premium	\$ 573,951	\$ 757,218	\$ 992,694	\$ 1,179,061	\$ 1,305,870	\$ 1,247,273	\$ 1,253,559	\$ 1,363,574
Premium Increase		\$ 183,267	\$ 235,476	\$ 186,367	\$ 126,809	\$ (58,597)	\$ 6,287	\$ 110,014
Cumulative Increase			\$ 418,743	\$ 605,110	\$ 731,919	\$ 673,322	\$ 679,609	\$ 789,623

X-Mod average within the County = 1.07

Premium based on 1.07 = \$1,105,321 (\$258,253)

SISC Updates

- ▶ Property, +27.63%
- ▶ Liability, +30.91%
- ▶ Vehicles/Buses,+5.55%
- ▶ Minimum Deductible will be increased to \$5,000 for Property & Liability
 - ▶ Previously \$1,000
- ▶ Auto Deductible will be increased to \$2,500
- ▶ Bus Deductible will be increased to \$5,000
- ▶ Auto & Bus Liability for body injury deductible will be increased to \$5,000.
- ▶ Districts with over 4,000 ADA will have the option to increase their Liability deductible to reduce their rate.
- ▶ Districts with over \$100 million in building values will have the option to increase their Property deductible to reduce their rate.
- ▶ For SAM cases, Districts under 4000 ADA will be subject to \$25,000 deductible and Districts over 4000 ADA will be subject to \$50,000 deductible.

Coverage	19-20	Increase %	\$	20-21
Property Premium	\$ 231,077.72	27.63%	\$ 63,846.77	\$ 294,924.49
Student Insurance	\$ 13,407.00	0.00%	\$ -	\$ 13,407.00
Bus/Other Vehicle	\$ 58,607.86	5.55%	\$ 3,252.74	\$ 61,860.60
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Liability Premium	\$ 235,897.80	30.91%	\$ 72,916.01	\$ 308,813.81
	\$ 597,598.23		\$ 143,268.26	\$ 740,866.49

Summary and Questions

- ▶ Future revenue from the State is uncertain
- ▶ Following guidance from SLOCOE, School Services, and Capital Advisors
- ▶ Staff will provide an update after the May Revision
- ▶ PRJUSD Position –
 - ▶ Limited Reserve requires fast action
 - ▶ Difficult decisions will have to be made
 - ▶ 86% of our budget is in personnel
- ▶ Questions ?