

## **Paso Roble Joint Unified School District 2020-21 Proposed Budget Public Hearing**

The 2020-21 Budget has been prepared pursuant to Ed Code 42127; however, in light of the recent Executive Order N-56-20 from the Governor which decouples the requirements for LCAP adoption and reporting, in this budget year, there is no need for two separate meetings for public hearings and adoption of LCAPs and FY 2020-21 budgets. Public hearing requirements for 2020-21 budgets now revert to a single meeting, as provided for by Education Code Section 42103. On June 9, 2020, the Board of Trustees approved the COVID-19 Operations Written Report, which published a brief written report describing how the district is responding to COVID-19 and the steps taken to meet the needs of unduplicated youth through delivering high-quality distance learning opportunities, providing school meals in non-congregate settings, and arranging for the supervision of students during ordinary school hours and is being presented for public input, discussion and recommendations from the Board of Trustees. The 2020-21 Budget will be brought to the Board of Trustees for approval on June 23, 2020.

A global health crisis (COVID-19), has triggered a global financial crisis, which in turn has impacted the California economy. California is facing significant revenue reductions, forcing major changes from the Governor's proposals in the January Budget. The primary change in the Governor's May Revision is the decrease in state revenues and corresponding reduction in Prop. 98 funding. Although the Governor takes a thoughtful approach to use of reserves and makes a long-term commitment to restore Prop. 98, the impact to K-12 education is substantial. Below are the major changes:

- Net decline (proration factor) of 7.92% to LCFF base grant amount (COLA increase of 2.31% less 10% reduction to the overall LCFF allocation per student).
- Withdrawal of \$1.84 billion of January K-12 new education proposals.
- Federal stimulus of \$4.4 billion for learning loss mitigation, including restrictions on how some of these funds may be used and which districts may qualify for them.
- Maintain AB 602 Special Education statewide target adjustment to \$645/ADA.
- Deferral of the June 2020 apportionment to July 2020; and \$5.3 billion deferral of 2020-21 apportionments for April, May, and June to 2021-22.
- Redirecting STRS and PERS payments toward long-term unfunded liabilities to reduce 2020-21 and 2021-22 rates for districts.
- Flexibility to some provisions based on collaboration with the education community.

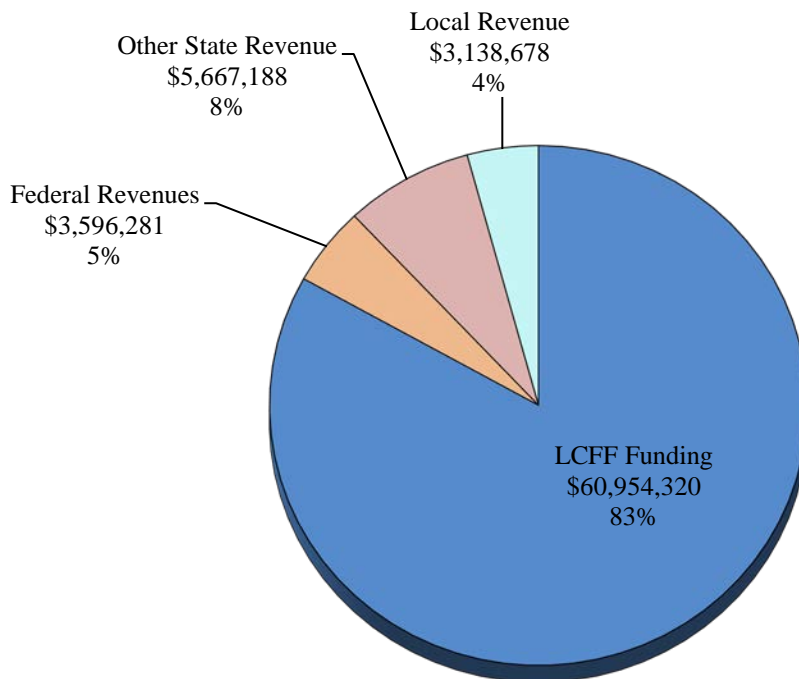
### **General Fund (Fund 01)**

The General Fund is where the majority of the District's revenue and expenditures occur. All expenses related to the education of Preschool through Grade 12 students and the ongoing operations of the District are in the General Fund. Revenues include LCFF funding, Federal, State, and Local resources. Expenditures include salary and benefits for certificated, classified, administrative employees and all other operating costs.

### **Budget Assumptions:**

## Revenue

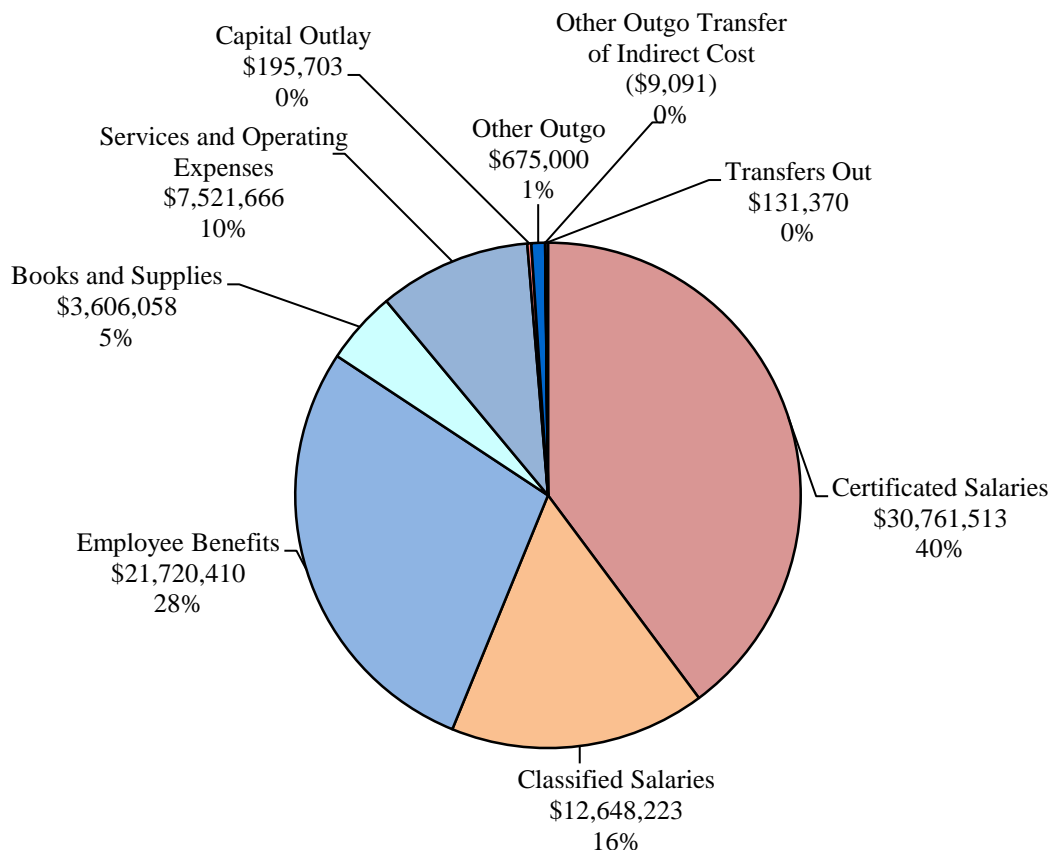
- **LCFF:** The LCFF revenue was calculated using the latest Fiscal Crisis Management Assistance Team (FCMAT) LCFF calculator. As of the May Revision Budget Proposal, LCFF revenue eliminates the statutory 2.31% cost-of-living adjustment resulting in an overall reduction of 7.92%.
- **Federal Revenues:**
  - All other Federal revenues are projected with no increases. None of the Federal CARES or HEROS funds are included in this budget. The State Legislature has not determined how these funds allocated to the State will be distributed to school districts.
- **State Revenues:**
  - One-time Special Education funds received in 19-20 was removed.
  - Anticipated reduced revenue for categorical funded programs have been projected.
- **Local Revenues:**
  - Local revenues are only budgeted with known revenue sources.
  - Billings and donations and some local revenues are not budgeted until they are received.



## Expenditures

In Fiscal Year 19/20, the Board of Trustees approved various reductions to district programs and eliminated certificated and classified positions based on lower enrollment and programmatic changes. The Board of Trustees approved these reductions on the following dates. (December 10, 2019, March 24, 2020 and April 28, 2020) All of the approved reductions have been included in the projected expenditures for in the appropriate categories.

- **Certificated Salaries:** Increases have been included for the cost of step & column, however, reductions in the total number of staff members have been adjusted.
- **Classified Salaries:** Increases have been included for the cost of step & column, however, reductions in the total number of staff members have been adjusted.
- **Employee Benefits:** If the Governor's projected pension relief is not adopted, then the district will make a revision to the budget within 45 days of the Budget Act being signed.
  - STRS 16.15%
  - PERS 20.70%
  - The district maintains a cap on the employer contribution to health and welfare benefits. No projected increase was budgeted, which is negotiable.
- **Books and Supplies:** The Routine Restrict Maintenance Account (RRMA) received the three percent (3%) contribution as required in statute. Additionally, the transportation budget was reduced to reflect the reduction in General Education bussing.
- **Services/Operating:** Increases for property and liability insurance costs and SLOCOE's Community School costs have been included. Expenditures have been reduced to reflect the anticipated reduction of the LCAP portion of the budget (as a result of the decreased LCFF revenues, of which LCAP are a calculated portion).



**Enrollment and Average Daily Attendance (ADA):** ADA is defined as the total number of days of student attendance divided by the total number of days in the regular school year. (This calculation is from the first day of school through the “P-2” cutoff date. That is approximately April 15<sup>th</sup> of each year; about 145 days of the school year.) A student attending every day would equal one ADA. ADA is not the same as enrollment, which is the number of students enrolled in each school. (Enrollment is determined by counting students on the first Wednesday in October.) ADA usually is lower than enrollment due to factors such as students moving, dropping out, or staying home due to illness. The state uses a school district’s ADA to determine its funding.

The district has been penalized in the past for inaccurately reporting ADA. Because of this, staff has worked closely with the San Luis Obispo County Office of Education (SLOCOE) Fiscal Advisor to estimate enrollment for the 20-21 and future Fiscal Years. Staff used a conservative approach in estimating Kindergarten enrollment and reviewed historical data to create the projection. Additionally, staff is maintaining the ADA percentage of 94.7 used in the 18-19 and 19-20 Fiscal Years.

Because of the COVID-19 Shelter-at-Home rules during the 19-20 school year, the State recognized that there may be challenges for districts in how to return to on-campus instruction in a safe and managed way. For the 20-21 school year, school districts will be able to claim the greater ADA of the current year of the prior year to maintain fiscal solvency.

## **All Other Funds**

### **Child Development Fund 12**

- The Child Development program supports preschool age children through state, federal and local revenue. The program is self-funded at this time and no contribution is made from the general fund.

### **Child Nutrition Fund 13**

- The Child Nutrition program receives funding through Federal and State and local revenue. Food and supply costs are increasing as well as PERS retirement rates. The general fund has been budgeted for a contribution of \$81,657.

### **Transportation Fund 15**

- This fund maintains a balance of \$149,011.49.

### **Special Reserve Fund 17**

- The current unrestricted fund balance in Fund 17 is part of the Fund 01 reserve. Transfers out of this fund require action by the Board of Trustees.

### **Building Fund 21**

- This fund represents the proceeds from the sales of bonds. Expenditures are restricted to those projects listed in the Board’s resolution for the bond. The budget contains capital outlay expenditures.

### **Capital Facilities Fund 25**

- This fund accounts for developer fees which are used for debt service for capital lease payables, specifically related to completed facility projects. There are no salaries or benefits paid from this fund.

### **Cafeteria Enterprise Fund 61**

- This fund is used for activity fees charged to external users or goods outside the organization. The revenue received in this fund is generated from the Café 61 and from external entity catering. Continuing in fiscal year 2020-21, caterings for external entities will be performed by the CTE Culinary Program. This fund also accounts for the activities of the CTE Culinary Program.

### **Self-Insurance Fund 67**

- This fund was used to collect moneys received from self-insurance activities from other funds such as workers compensation and deductible for property insurance (i.e. insurance for student tablets). All other funds other than insurance from student tablets have been moved to the general fund. The only remaining activity is for the insurance from student tablets.

Funding assumptions for Fiscal Years 21-22 and 22-23 are based on the Governor's May Revise Budget Proposal. This proposal brings added danger to the district's already fragile budget. While the district anticipates it will be able to maintain a positive ending fund balance in Fiscal Year 20-21, that balance falls below the minimum required three percent (3%) required for economic uncertainty. Additionally, Fiscal Years 21-22 and 22-23 indicate a negative ending fund balance. If adjustments are not implemented from the State level, additional significant budget reductions will need to be identified in Fiscal Year 20-21 to ensure the district may be able to meet its financial obligations. The district has already identified declining enrollment, so reductions will be required to keep up with this decline. As required by SLOCOE, this narrative contains proposed budget reductions that can be implemented through Board action and/or negotiations with the district's labor partners to begin to reduce expenditures. Below is a list of reductions approved by SLOCOE. Staff has included items #1 and #2 in the proposed 20-21 fiscal year budget. The Board of Trustees can direct staff to address the remaining items once the final Budget Act for fiscal year 2020-21 is approved.

Revenues that have not been expended during a budget year are carried over into the subsequent year and are identified as the District's "Ending Fund Balance." Included with the projected Ending Fund Balance is a Reserve for Economic Uncertainties, which is a minimum balance that the State of California requires to be retained to cover unforeseen shortfalls in revenues or higher than expected expenditures. The State's minimum reserve requirements for Paso Robles Joint Unified School District is three percent (3%) of the total General Fund expenditures. Also included in the Ending Fund Balance are restricted carryover balances that originate from sources that can only be used for selected purposes. The District's Reserve for Economic Uncertainties falls far below the State's minimum required 3%. It is projected at 1.96% (\$1,516,298.47) for Fiscal Year 20-21, which includes Fund 17.

The multiyear projection shows that the District Reserves will become **negative** in Fiscal Year 21-22 if significant expenditure reductions are not identified in Fiscal Year 20-21 and implemented in subsequent years.

	2020-21	2021-22	2022-23
<b>Beginning Balance July 1</b>	\$ 4,843,724.73	\$ 949,339.72	\$ (6,634,660.49)
Revenues	\$ 73,356,467.00	\$ 71,751,675.00	\$ 71,373,572.00
Expenditures	\$ 77,250,852.01	\$ 79,335,675.21	\$ 81,859,321.89
Increase / (Decrease)	\$ (3,894,385.01)	\$ (7,584,000.21)	\$ (10,485,749.89)
Projected Ending Balance June 30	\$ 949,339.72	\$ (6,634,660.49)	\$ (17,120,410.38)

Available Reserves	2020-21	2021-22	2022-23
General Fund	\$ 949,339.72	\$ (6,634,660.49)	\$ (17,120,410.38)
Nonspendable	\$ -	\$ -	\$ -
Restricted	\$ -	\$ -	\$ -
Assigned	\$ -	\$ -	\$ -
Special Reserve (Fund 17)	\$ 566,958.75	\$ 566,958.75	\$ 566,958.75
<b>Total Available Reserve</b>	\$ 1,516,298.47	\$ (6,067,701.74)	\$ (16,553,451.63)

Total Available Reserve by Percent	1.96%	-7.65%	-20.22%
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**Paso Robles Joint Unified School District**  
**List of Proposed General Fund Expenditure Reductions for 2020-21 Budget**

#	Reduction	FTE	Dollar Amount	Notes
1	Guidance Specialists	2.5000		Reduce 2.5 GS positions to become fully funded through LCAP
2	LCAP Shift to Title 1		\$ 344,406.00	Bilingual Paraeducators \$106,000
				WiFi Access \$31,404
				Middle School Tutoring \$24,002
				Behavior Support Team (1 FTE and 2 Para's) \$173,000
				WEB/Link Mentorship and Transition \$10,000
3	LCAP Reduction	2.0000	\$ 395,309.00	Elem/Middle School Athletics \$40,000
				Elementary Opportunity (1 FTE and 1 Para's) \$100,000
				Pre-K Summer School \$64,338
				Combo Class Support \$120,000
				A2A \$36,900
				High School After School Tutoring \$24,071
				Late Bus for Co-Curricular & Tutoring \$10,000
4	VAPA Reduction	2.0000	\$ 150,234.00	Reduction of Traveling VAPA Positions (not fill vacant positions consistent with previous reductions to demagnetize)
5	Reduced RRM	1.0000	\$ 99,000.00	Reduced Contribution to Routine Restricted Maintenance Account (Due to decreased expenditures)
6	Transportation		\$ 110,323.00	Eliminate General Ed Transportation (Reduction of Sub budget, supplies and less Parent Pay revenue)
7	Management / Confidential Salary Reduction		\$ 114,000.00	2.5% Salary Reduction (Action in closed session)
<b>Sub-Total</b>		<b>7.5000</b>	<b>\$ 1,213,272.00</b>	
<b>Items to be Negotiated</b>				
8	Salary Reduction Classified		\$ 269,458.00	2.5% Salary Reduction
Option A	Furlough Day Certificated		\$ 861,310.00	\$172,262 Per day for Certificated Staff only (5 days equates to 2.7% reduction)
Option B	Salary Reduction Certificated		\$ 619,963.00	2.5% Salary Reduction
<b>Grand Total Option A</b>			<b>\$ 2,344,040.00</b>	
<b>Grand Total Option B</b>			<b>\$ 2,102,693.00</b>	
Items in red require open session action item.				

# PRJUSD CAL PADS SUMMARY & PROJECTION OF ENROLLMENT

REVISED AS OF JANUARY 10, 2020

	Grade TK-E	Grade TK	Grade K	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Adult 14	Total	Gain (loss)
ACTUAL	2018-19	comb	554	483	494	482	455	489	490	539	481	626	612	561	578	578	7,422	551
Current	2019-20	25	113	431	461	484	490	479	464	484	491	554	585	600	576	531	6,756	(666)
PROJECT	2020-21	25	100	434	431	461	484	490	479	464	484	509	651	585	580	556	6,721	(35)
PROJECT	2021-22	25	100	434	434	431	461	484	490	479	464	502	606	651	565	560	6,673	(48)
PROJECT	2022-23	25	100	434	434	434	431	461	484	490	479	482	599	606	631	545	6,622	(51)

20-student drop Grades 10-11, 11-12 beginning 17-18 to 18-19

Includes feeder schools (Gr 9) and Almond Acres return of 8th grade 19-20

(97 + 18)

## SUMMARY BY GRADESPAN OF ENROLLMENT PROJECTIONS

	K-3	4-6	1,434	7-8	1,020	9-12	TOTAL
Current	2019-20	1,979	1,427	1,045	2,305	6,756	(666)
PROJECT	2020-21	1,910	1,433	993	2,385	6,721	(35)
PROJECT	2021-22	1,860	1,453	966	2,394	6,673	(48)
PROJECT	2022-23	1,833	1,435	961	2,393	6,622	(51)

## ADA PROJECTIONS BY GRADESPAN

ADA @ 94.7%	K-3	4-6	7-8	9-12	TOTAL	Gain (loss)
2018-19					6,497.65	
PROJECT	2019-20	1,874.11	1,351.37	989.62	2,182.84	6397.93 (99.72)
PROJECT	2020-21	1,808.77	1,357.05	940.37	2,258.60	6364.79 (33.14)
PROJECT	2021-22	1,761.42	1,375.99	914.80	2,267.12	6319.33 (45.46)
PROJECT	2022-23	1,735.85	1,358.95	910.07	2,266.17	6271.03 (48.30)

2019=20 Budget was built on District ADA of 6,505.89.

2018-19 comparable District ADA was 6,467.45.

MYP budgets were based on:	Projected ADA:	Decrease:
2020-21: 6,590 District ADA	6431	(159)
2021-22 6,645 District ADA	6366	(279)

None of these ADA figures reflect the COE ADA credited to the district.