

# **Paso Roble Joint Unified School District**

## **2021-22 Proposed Budget Public Hearing**

Public Hearing: June 8, 2021

The 2021-22 Budget has been prepared pursuant to Ed Code 42127 and is being presented for public input, discussion and recommendations from the Board of Trustees. This Budget will be brought back to the Board of Trustees for approval at the next scheduled public Board meeting.

The Governor's May Revision is reflective of a strong economic turnaround, projecting unprecedented funding for K-12 public education. This budget provides for a super COLA and several one-time funding opportunities, with the creation of California for All Kids, a roadmap to address the gaps in early education, school nutrition, teacher support, class size, broadband access, and wraparound services. The significant changes since the Second Interim Report are:

- Prop. 98 funding is estimated to be \$93.7 billion for 2021-22.
- The Local Control Funding Formula (LCFF) COLA for 2021-22 is projected at 1.7%, compounded with the deferred 2020-21 COLA of 2.31%, which equates to a 4.05% COLA. Additional support to alleviate fiscal pressures on LEAs is being proposed, and the May Revision includes \$520 million Prop. 98 funding for an additional 1.0% increase to the LCFF base. This proposal is only for the LCFF and calculates to a super COLA of 5.07%.
- The Governor's budget continues to propose paying off most of the K-12 cash deferrals, leaving an ongoing K-12 deferral balance of \$2.6 billion for 2021-22.
- Special Education is projected to be funded with the compounded COLA at 4.05% but not the augmentation in the LCFF proposal. LCFF and Special Education are the only state funded programs to receive both the 2020-21 and 2021-22 COLAs.
- Also included in the May Revision are one-time funding proposals for the following programs:
  - Reopening of Schools
  - Expanded Learning Time
  - Universal Transitional Kindergarten Planning Grant
  - Community Schools
  - Comprehensive Student Supports
  - Educator Preparation, Retention, and Training
  - Child Nutrition
  - Broadband

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

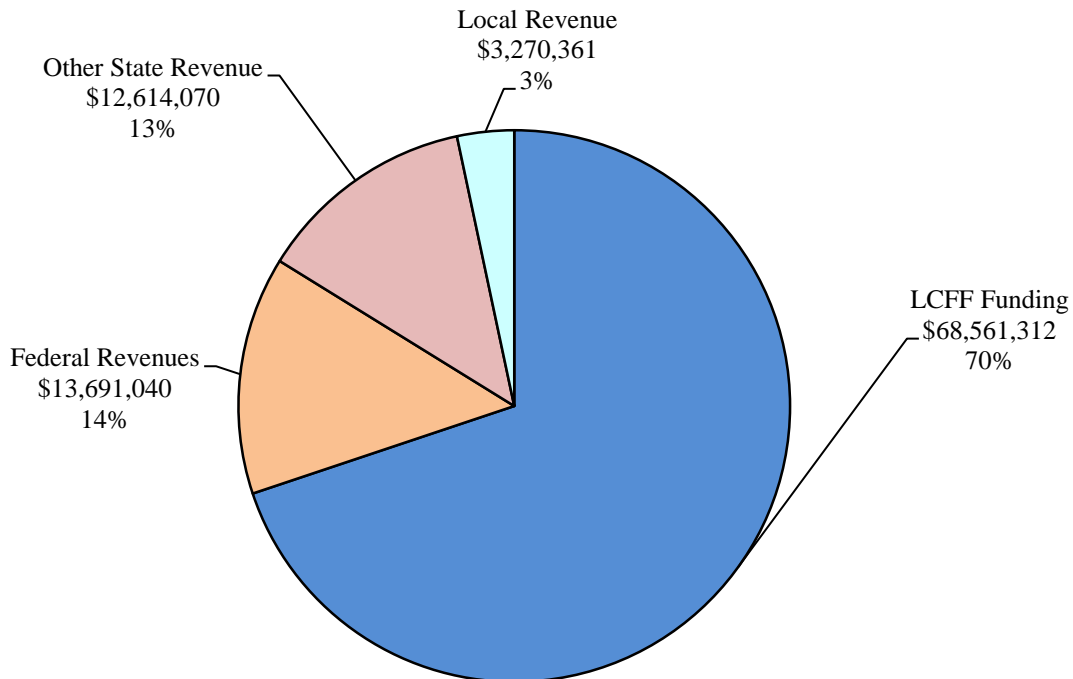
The General Fund is where the majority of the District's revenue and expenditures occur. All expenses related to the education of Preschool through Grade 12 students and the ongoing operations of the District are in the General Fund. Revenues include LCFF funding, Federal, State, and Local resources. Expenditures include salary and benefits for certificated, classified, administrators 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 is calculated with a 5.07% Cost of Living Adjustment (COLA):
- **Federal Revenues:**
  - The district has recognized revenue from ESSER III.
  - All other Federal revenues are projected with no increases.
- **State Revenues:**
  - The district has recognized revenue from AB 86 funding.
  - All other Federal revenues are projected with no increases.
- **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.

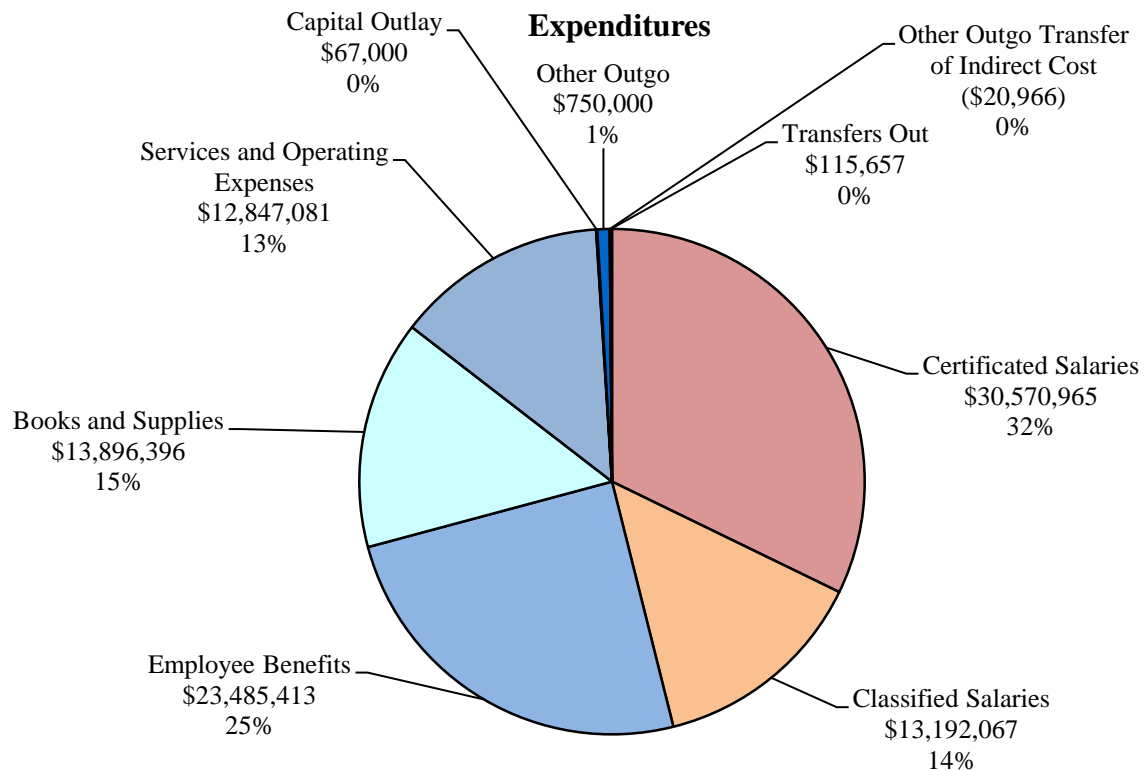
## Where Does the Money Come From?



## Expenditures

- **Certificated Salaries:** Increases have been included for the cost of step & column. No additional salary schedule increases were budgeted.
- **Classified Salaries:** Increases have been included for the cost of step & column. No additional salary schedule increases were budgeted.
- **Employee Benefits:** Contributions to for employee retirement were budgeted as follows:
  - STRS 16.92% (Up from 16.15% in fiscal year 20-21)

- PERS 22.91% (Up from 20.70% in fiscal year 20-21)
- The district maintains a cap on the employer contribution to health and welfare benefits at \$11,183. 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, expenditures resulting from additional federal and state revenue were budgeted.
- **Services/Operating:** Increases for property and liability insurance costs. Additionally, expenditures resulting from additional federal and state revenue were budgeted.



**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 and district. (Enrollment is determined by counting students on a given day 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.

Due to the COVID-19 pandemic, the state provided a “hold-harmless” for the 20-21 fiscal year. The state’s funding model allows school districts to budget based on the greater of current or prior year ADA. With this caveat, the district will be able to maintain the same level of funding (based on ADA)

for the 21-22 fiscal year. However, that provision ends, in fiscal year 22-23, so the district will face reduced funding due to a declining enrollment trend. Additionally, during the pandemic, the district has seen further reductions in enrollment for various reasons. (Homeschooling, parochial, and private school options) Finally, there is a charter school opening within the city limits of Paso Robles. It is anticipated that there will be a reduction in enrollment due to this option for parents. Staff has calculated those factors into the projections for enrollment. A conservative approach in estimating Kindergarten enrollment was used by reviewing historical data to create the projection. Additionally, staff is reducing the ADA percentage from 94.7% used in previous fiscal years to 93.04%.

## **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 \$115,657.

### **Transportation Fund 15**

- This fund maintains a zero fund balance due to transfers to the General Fund (01) approved by the Board of Trustees in 18-19 Fiscal Year.

### **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 and the project manager salary and benefits.

### **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. 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.

## Multi-Year Assumptions

Funding assumptions for Fiscal Years 22-23 and 23-24 are based on the Governor's May Revise Budget Proposal. This proposal brings some support to the district's budget with the projections of COLA's in the two subsequent years:

- 2.48% for 2022-23
- 3.11% for 2023-24

The district anticipates it will be able to maintain a positive ending fund balance in the next three fiscal years, however, there is projected deficit spending if the district does not adjust staffing levels or "right size," based on declining enrollment. As required by SLOCOE, this narrative contains an estimate of potential reductions related to staffing that can be implemented through Board action and/or negotiations with the district's labor partners to begin to reduce expenditures. The attached projection anticipates a reduction of 323 ADA by the end of fiscal year 21-22. Assuming one full time equivalent (1 FTE) is valued at \$100,000 in expenditures, the district can begin to consider reducing staffing of 32 FTE's.

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Beginning Balance July 1</b>	\$ 11,207,101.97	\$ 14,440,271.57	\$ 11,385,601.98
Revenues	\$ 98,136,783.47	\$ 81,564,628.35	\$ 82,351,425.15
Expenditures	\$ 94,903,613.87	\$ 84,619,297.94	\$ 85,687,215.98
Increase / (Decrease)	\$ 3,233,169.60	\$ (3,054,669.59)	\$ (3,335,790.83)
<b>Projected Ending Balance June 30</b>	<b>\$ 14,440,271.57</b>	<b>\$ 11,385,601.98</b>	<b>\$ 8,049,811.15</b>

<b>Available Reserves</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	\$ 14,440,271.57	\$ 11,385,601.98	\$ 8,049,811.15
Nonspendable	\$ -	\$ -	\$ -
Restricted	\$ 595,932.43	\$ -	\$ -
Assigned	\$ 81,642.19	\$ -	\$ -
Special Reserve (Fund 17)	\$ 578,163.00	\$ 578,163.00	\$ 578,163.00
<b>Total Available Reserve</b>	<b>\$ 14,340,859.95</b>	<b>\$ 11,963,764.98</b>	<b>\$ 8,627,974.15</b>

<b>Total Available Reserve by Percent</b>	<b>15.11%</b>	<b>14.14%</b>	<b>10.07%</b>
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## PRJUSD CAL PADS SUMMARY & PROJECTION OF ENROLLMENT

CENSUS DAY - OCTOBER 7, 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			554	483	494	482	455	489	490	539	481	626	612	561	578		6,844	(27)
ACTUAL	2019-20		112	434	462	485	492	478	466	496	499	558	591	619	594	583	13	6,882	38
Current	2020-21		7	493	422	449	476	482	469	476	495	495	637	578	606	561	15	6,661	(221)
PROJECT	2021-22		74	405	483	412	439	466	482	469	476	495	628	617	558	586	12	6,602	(59)
PROJECT	2022-23		74	405	405	483	412	439	466	482	469	476	602	628	597	538	12	6,488	(114)
PROJECT	2023-24		74	405	405	405	483	412	439	466	482	469	583	602	608	577	12	6,422	(66)

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

Potential AACA loss 50 (10 per grade level K-4) which continues for the next 3 years

### SUMMARY BY GRADESPAN OF ENROLLMENT PROJECTIONS

							TK-3			4-6		7-8				9-14	TOTAL	
Current	2020-21						1,847			1,427		990				2,397	6,661	(221)
PROJECT	2021-22						1,813			1,417		971				2,401	6,602	(59)
PROJECT	2022-23						1,779			1,387		945				2,377	6,488	(114)
PROJECT	2023-24						1,772			1,317		951				2,382	6,422	(66)

### ADA PROJECTIONS BY GRADESPAN

ADA @	93.04%						TK-3			4-6		7-8				9-12	TOTAL	Gain (Loss)
ACTUAL	2019-20															93.96%	6,466.5	
Current	2020-21															93.04%	6,197.4	(269.11)
PROJECT	2021-22						1,686.8			1,318.4		903.4				2,233.9	6,142.5	(54.89)
PROJECT	2022-23						1,655.2			1,290.5		879.2				2,211.6	6,036.4	(106.07)
PROJECT	2023-24						1,648.7			1,225.3		884.8				2,216.2	5,975.0	(61.41)

These figures do not reflect the COE ADA credited to the district.

These figures include Non-Public Schools