



PARAMOUNT UNIFIED SCHOOL DISTRICT

GREAT THINGS ARE HAPPENING IN PARAMOUNT SCHOOLS



LCFF: Budget Overview

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Board Study Session
May 6, 2019



What we currently know...

- Continued decline in Enrollment
- Resulting in continued decline in ADA
- Fund Balance – Steady and used to maintain programs
- No more gap funding
 - 100% gap closure in six years
 - 100% of the targeted funding levels in 2018-19
- Projected 3.26% COLA
- It is time to start managing our expenditures



State Budget approach as we get to May Revision

- Pays off budgetary debt and deferrals (\$4.4 billion).
- Pays down *state's* CalPERS (\$3 billion GF) and CalSTRS (\$1.1 billion Proposition 2) unfunded liabilities and *districts'* CalSTRS unfunded liability (\$2.3 billion GF), reducing long-term costs. Also subsidizes districts' 2019-20 and 2020-21 CalSTRS employer contributions (\$700 million GF).
- Grows Rainy Day Fund from \$13.5 billion in 2018-19 to \$15.3 billion in 2019-20 and \$19.4 billion in 2020-23. Increases Safety Net Reserve to \$900 million.
- Expands early childhood education (\$1.25 billion one time and \$125 million ongoing).
- Provides significant new resources to UC and CSU (\$540 million ongoing and \$400 million one time).



What is gap funding?

| | 2016-17 | 2017-18 | 2018-19 |
|---|----------------|----------------|----------------|
| Total LCFF Target | \$ 165,201,179 | \$ 166,348,117 | \$ 166,109,999 |
| Hold Harmless (Floor Entitlement) | \$ 144,579,009 | \$ 154,897,997 | \$ 153,909,714 |
| Difference between Target and Hold Harmless | \$ 20,622,170 | \$ 11,450,120 | \$ 12,200,284 |
| GAP % | 54.18% | 23.67% | 53.85% |
| Gap Funding | \$ 11,399,935 | \$ 2,710,243 | \$ 12,200,284 |
| Total Year Funding | \$ 155,978,945 | \$ 157,608,241 | \$ 160,479,568 |
| Hold Harmless plus Gap Funding equals Total Year Funding | | | |



What does the end of gap funding mean?

| | 2018-19 | 2019-20 | 2020-21 |
|---|----------------|----------------|----------------|
| Total LCFF Target | \$ 171,100,040 | \$ 171,301,129 | \$ 172,536,036 |
| Hold Harmless (Floor Entitlement) | \$ 158,135,453 | | |
| Difference between Target and Hold Harmless | \$ 12,964,586 | | |
| GAP % | 100.00% | 100.00% | 100.00% |
| Gap Funding | \$ 12,964,586 | | |
| Total Year Funding | \$ 171,100,040 | \$ 171,301,129 | \$ 172,536,036 |
| Target minus Hold Harmless times Gap % equals Total Year Funding | | | |

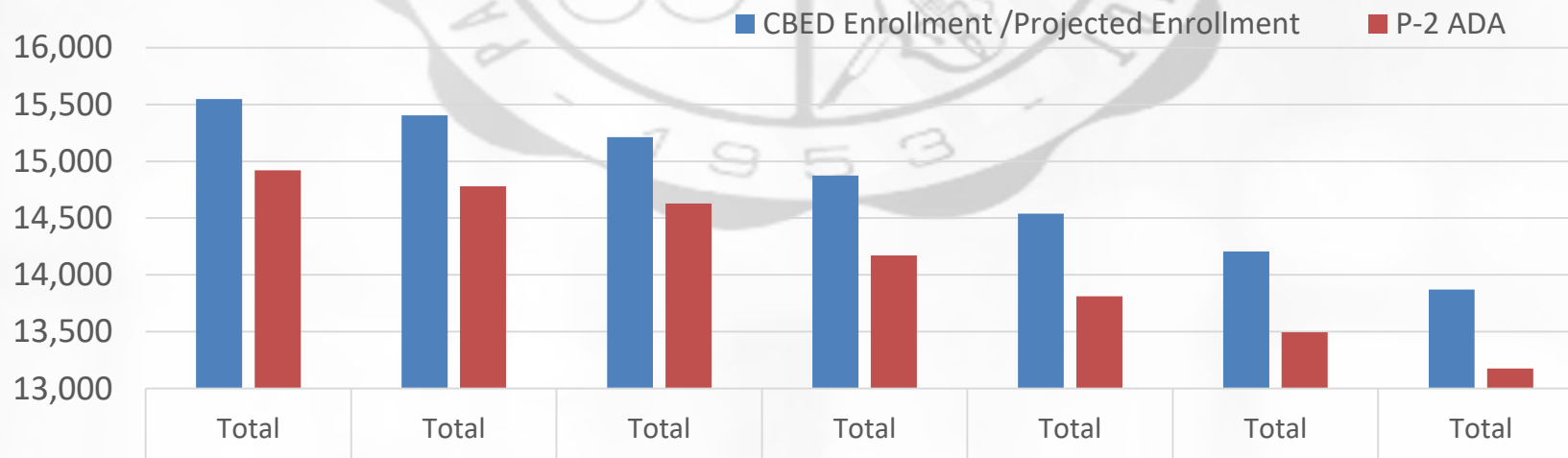


PARAMOUNT UNIFIED SCHOOL DISTRICT

PREPARING STUDENTS FOR COLLEGE AND CAREERS

Enrollment & Average Daily Attendance (ADA)

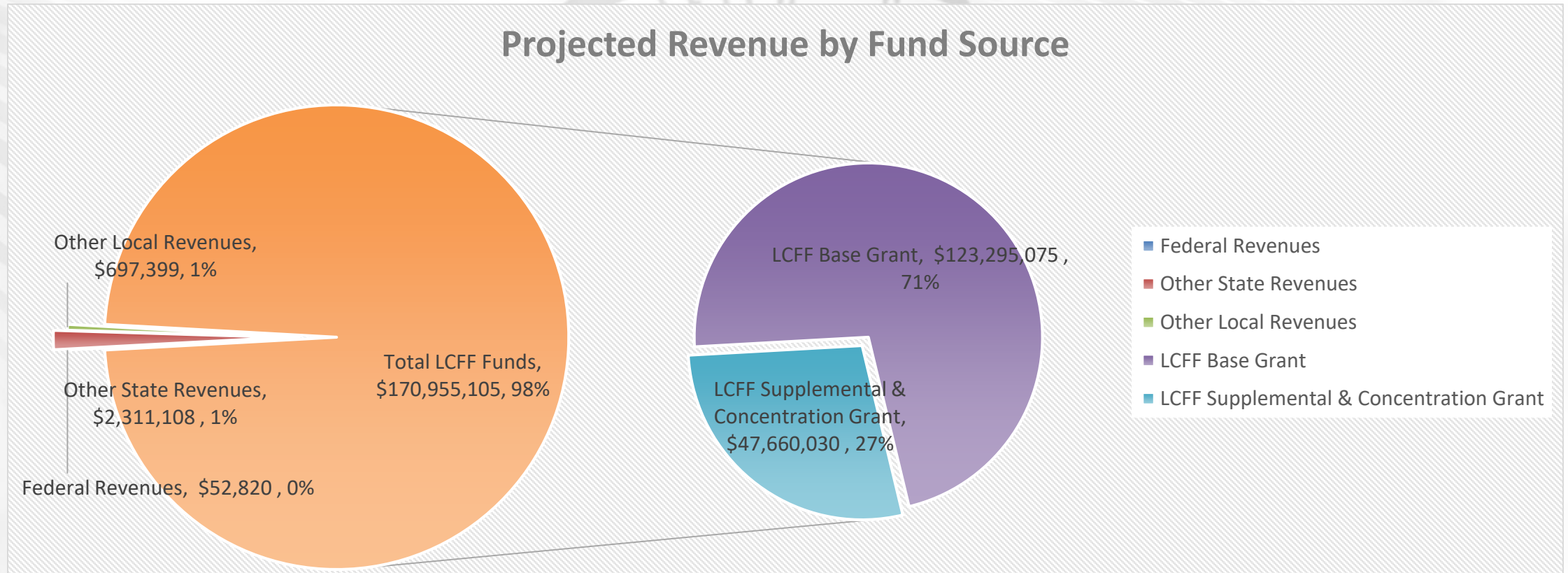
| | 2015-16 Total | 2016-17 Total | 2017-18 Total | 2018-19 Total | 2019-20 Total | 2020-21 Total | 2021-22 Total |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CBED Enrollment /Projected Enrollment | 15,547 | 15,405 | 15,213 | 14,875 | 14,540 | 14,206 | 13,872 |
| P-2 ADA | 14,921 | 14,779 | 14,628 | 14,173 | 13,813 | 13,495 | 13,178 |





Unrestricted Revenues

Projected Revenue by Fund Source





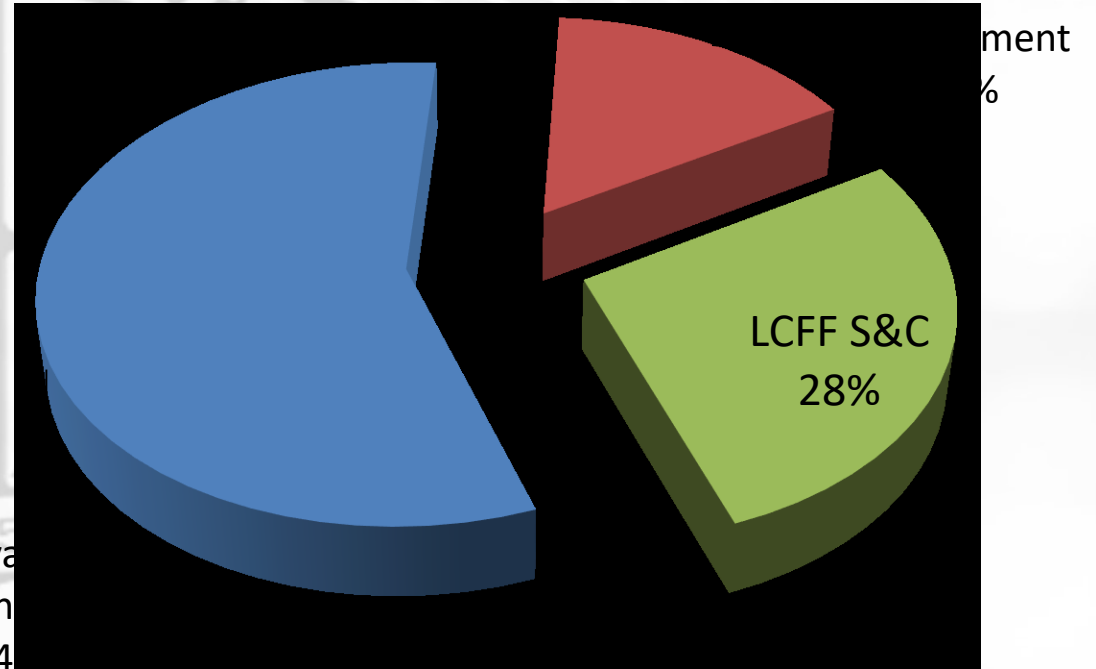
What is Encroachment and why is it important?

Total District Revenue is reduced by Encroachment, which reduces the overall available budget for basic needs.

Encroachment (or District Contribution) is used to cover other District programs NOT fully funded:

- Special Education
- Routine Restricted Maintenance
 - Mandatory set aside of 3% of total **expenditures**
- Child Nutrition
- Adult Education
- After School STAR Program

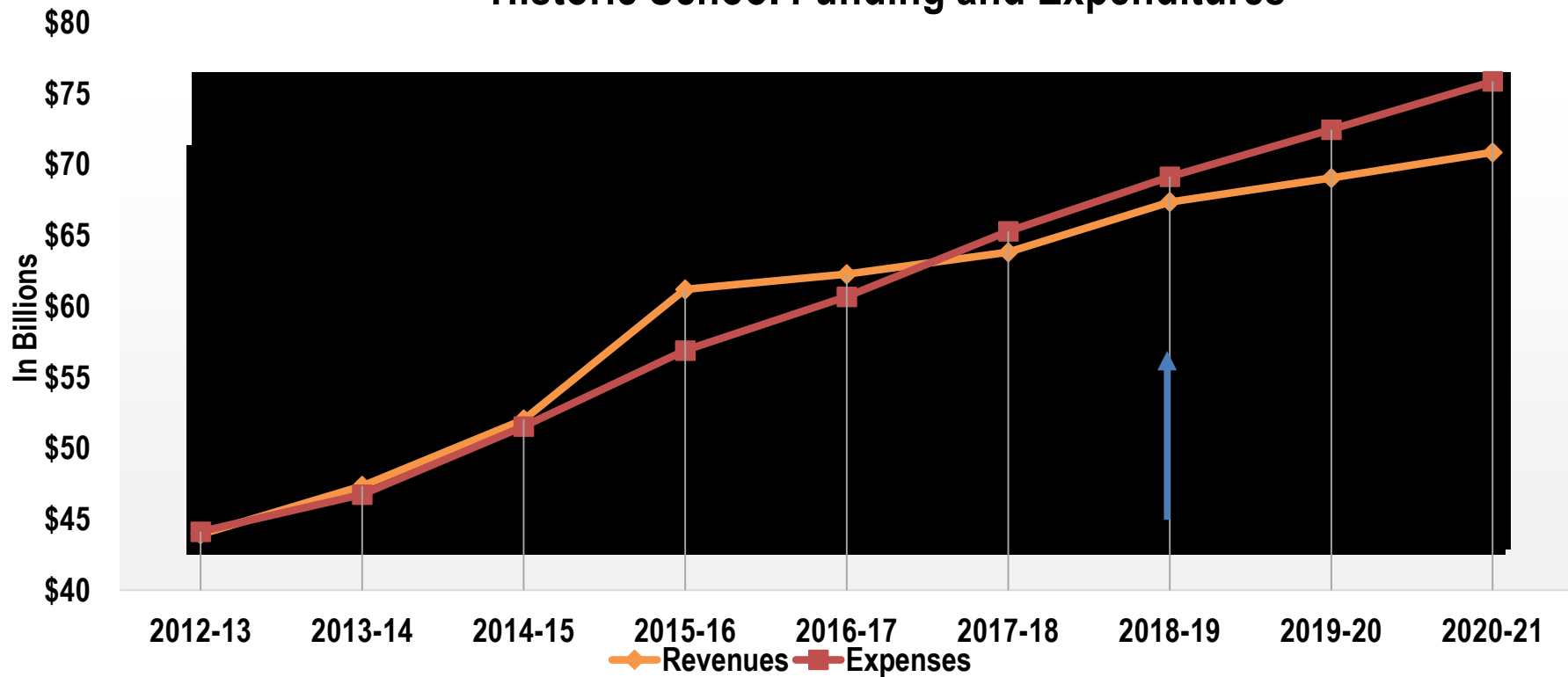
Total Average
Revenue
60.4





School Agency State Revenues vs. Expenditure Trends

Historic School Funding and Expenditures





Top Legislative Issues for 2019—May 3, 2019

Early Childhood Education

- [Assembly Bill \(AB\) 123](#) (McCarty, D-Sacramento)—Preschool For All Act of 2019. As amended on April 29, 2019, AB 123 would expand access to the California State Preschool Program (CSPP) by providing at least two years of subsidized preschool to every three-year-old living in poverty and establishing eligibility for every four-year-old, regardless of family income, living within the attendance boundary of a public elementary school that enrolls at least 70% of students eligible for state or federal meal subsidies. Additionally, AB 123 would require aspiring lead teachers in CSPP to obtain a bachelor's degree by July 1, 2028. The bill would grandfather in existing CSPP head teachers who have a teaching permit issued by the Commission on Teacher Credentialing as of December 31, 2019. Additionally, the bill would provide financial incentives for the existing workforce to acquire a bachelor's degree by providing financial scholarships to interested professionals and ensuring that providers increase the salaries for teachers who earn a bachelor's degree.



NEXT STEPS

- Governor to finalize May Revision
- District Staffing Review
- Program Cost Review
- Strong personal income tax (PIT) receipts in April offset lower revenues between December and March

The United States Department of Commerce released the 2019 Implicit Price Deflator for state and local governments, which provides the last piece of information needed to establish the 2019-20 statutory COLA for K-14 apportionments. Based on this, the statutory COLA for 2019-20 to be **3.26%**, a decrease from Governor Gavin Newsom's State Budget estimate that projected the COLA to be 3.46%.

PARAMOUNT UNIFIED SCHOOL DISTRICT



The mission of the Paramount Unified School District is to ensure learning and success for each student by providing a quality education.