



# PARAMOUNT UNIFIED SCHOOL DISTRICT

GREAT THINGS ARE HAPPENING IN PARAMOUNT SCHOOLS



## 2019-2020 Second Interim

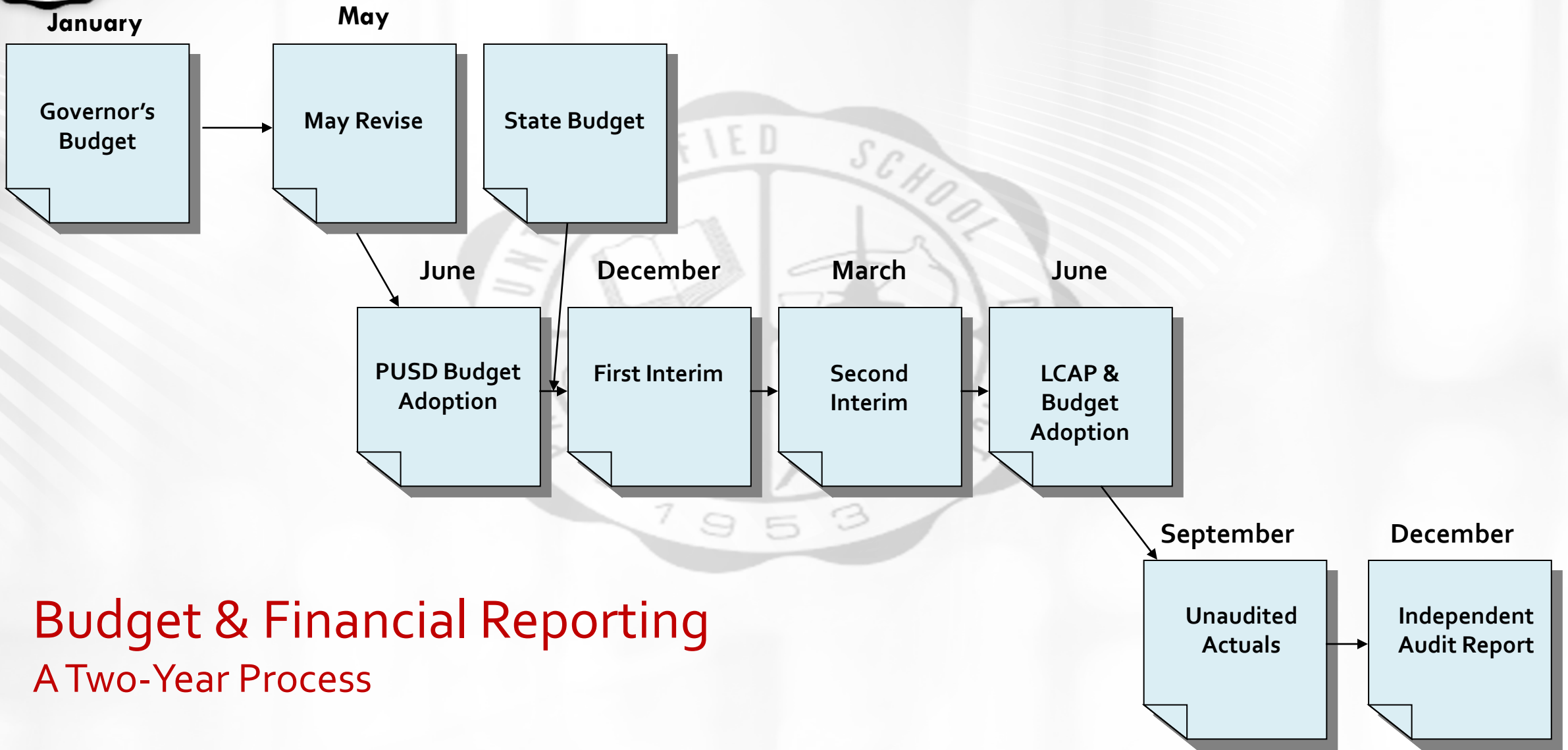
Dr. Ruth Pérez, Superintendent  
Ruben Frutos, Assistant Superintendent of Business Services  
Patricia Tu, Director of Fiscal Services

March 9, 2020  
Action Item: 7.12-A



# PARAMOUNT UNIFIED SCHOOL DISTRICT

PREPARING STUDENTS FOR COLLEGE AND CAREERS



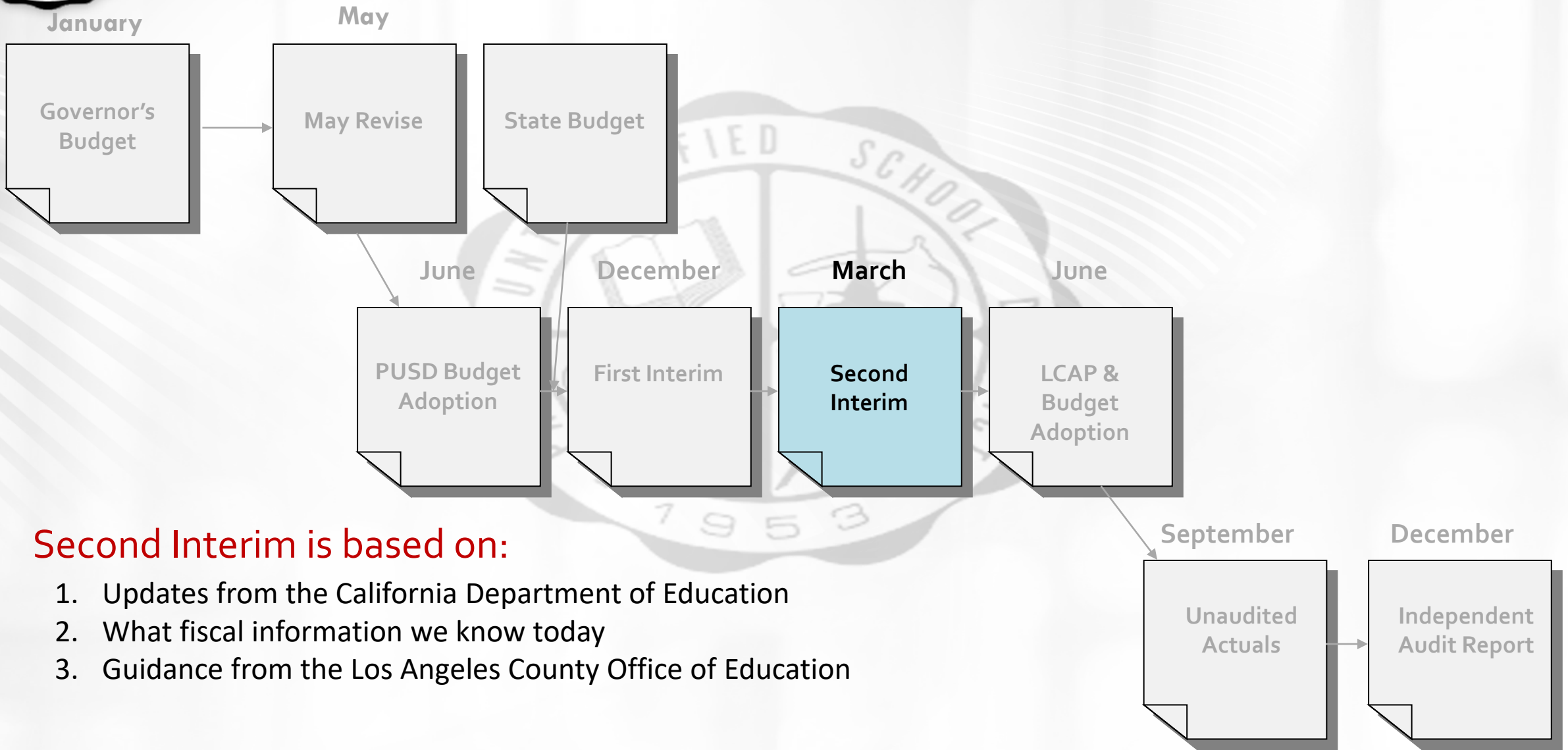
## Budget & Financial Reporting

A Two-Year Process



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## Second Interim is based on:

1. Updates from the California Department of Education
2. What fiscal information we know today
3. Guidance from the Los Angeles County Office of Education



## Financial Status of the District - Reminders

- No more gap funding
- 2019-20 COLA = 3.26%
- No more one-time discretionary funds per Governor Newsom
  - 2018-19: \$2,692,200 → 2019-20: \$0
- New requirement: 3% of General Fund expenditures dedicated to Routine Restricted Maintenance ([E.C. 17070.75](#))
- Important to manage our expenditures as enrollment declines
- The District continues to examine the allocation of LCAP funds.
  - S&C Funds must be used for targeted services for our unduplicated pupil population.
- The District must continue to evaluate the encroachment on the General Fund
- LACOE recommends that spending remain conservative due to unknown economic and political factors.

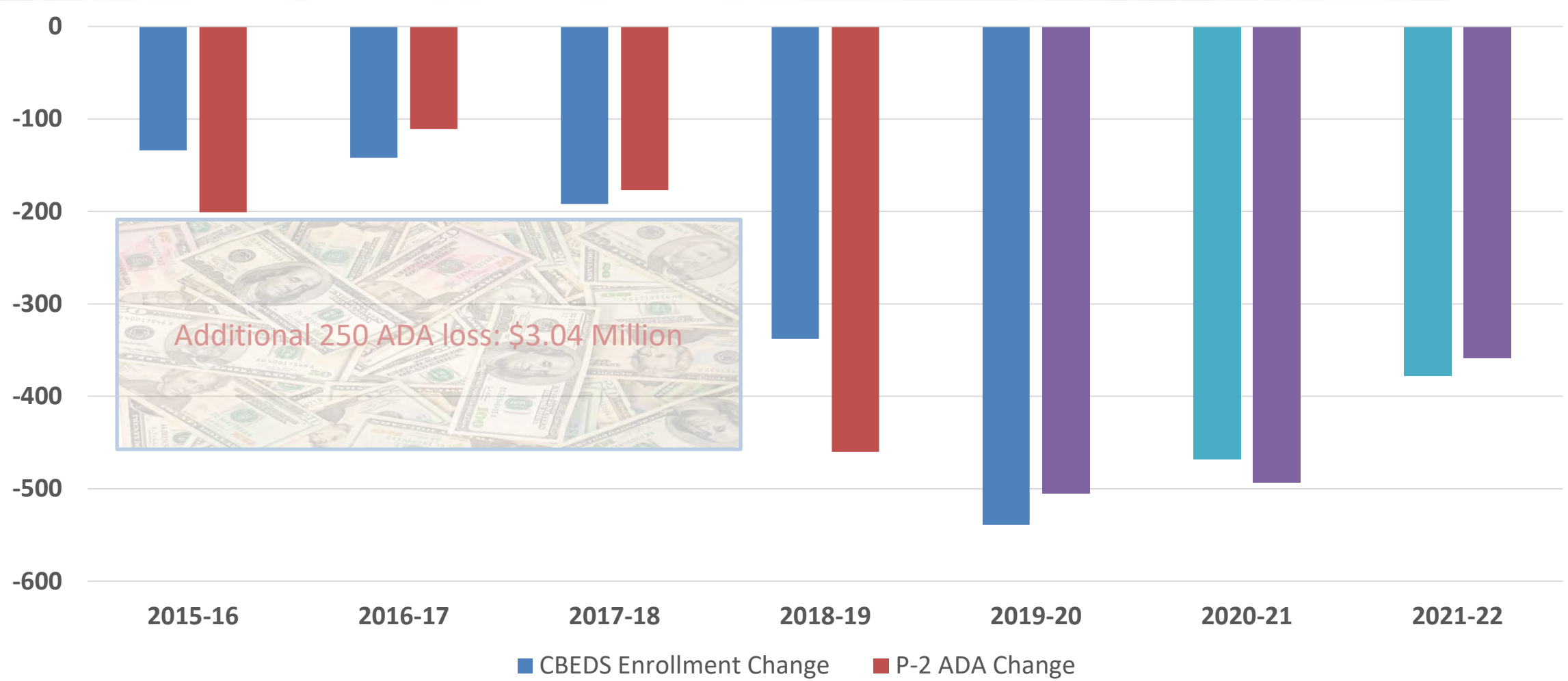


## Enrollment & Average Daily Attendance (ADA)

	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	14,336	13,868	13,490
Enrollment Change from Prior Year	-134	-142	-192	-338	-539	-468	-378
P-2 ADA	14,921	14,809	14,633	14,173	13,668	13,175	12,816
P-2 Change from Prior Year	-201	-111	-177	-460	-505	-493	-359



## CHANGE: Enrollment & Average Daily Attendance (ADA)





Shift left and  
 insert prior  
 multi-yr  
 strategy

# Impact of Declining Enrollment

## Full Impact of ADA Decline

Income Loss	
<ul style="list-style-type: none"> <li>505 attendance decline at \$12,102.65 each—yields revenue loss. Analysis of staffing based on enrollment</li> </ul>	
Lost Revenue:	\$6,111,838

Proportional Layoff	
<ul style="list-style-type: none"> <li>505 students requires 21.0 teachers at 24:1</li> </ul>	
<ul style="list-style-type: none"> <li>21 teachers times cost per novice teacher yields savings of: (\$90,000 per teacher, including benefits, x 21 teachers)</li> </ul>	\$1,890,000
<ul style="list-style-type: none"> <li>Miscellaneous savings (\$400/ADA)</li> </ul>	<u>\$215,600</u>
Total proportional savings:	\$2,105,600



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## General Fund – Unrestricted/Restricted

	1st Interim	2nd Interim	Difference
<b>Revenues:</b>			
<b>LCFF</b>	171,223,968	171,232,516	8,548
<b>Federal Revenue</b>	11,377,565	11,837,563	459,998
<b>Other State Revenue</b>	5,021,553	5,220,558	199,005
<b>Other Local Revenue</b>	7,834,762	10,651,296	2,816,534
<b>Total Revenue</b>	195,457,848	198,941,933	3,484,085
<b>Expenditures:</b>			
<b>Certificated Salaries</b>	92,018,151	91,121,754	-896,397
<b>Classified Salaries</b>	28,447,663	28,132,433	-315,230
<b>Employee Benefits</b>	46,496,785	46,150,610	-346,175
<b>Books &amp; Supplies</b>	15,485,244	15,356,096	-129,148
<b>Services and Other Operating Expenses</b>	25,736,189	28,261,875	2,525,686
<b>Capital Outlay</b>	3,061,620	3,354,620	293,000
<b>Other Outgo</b>	-119,964	-137,167	-17,203
<b>Total Expenditures</b>	211,125,688	212,240,221	1,114,533
<b>Other Financing Sources/Uses</b>	5,903,148	5,903,148	0
<b>Net Increase/(Decrease) in Fund Balance</b>	-21,570,988	-19,201,436	2,369,552
<b>Beginning Fund Balance</b>	56,186,725	56,186,725	
<b>Ending Fund Balance</b>	34,615,737	36,985,289	2,369,552





## Components of 2018-19 Ending Fund Balance

Components	Amount
Revolving Cash	\$ 40,000
Stores	212,706
Deferred Maintenance Infrastructure	4,000,000
LCAP Retention	13,140,015
District Statutory Costs	7,083,428
General Restricted Funds	4,093,415
Reserve for Economic Uncertainties	14,500,000
Unassigned	<u>13,117,161</u>
Total	\$ 56,186,725



## Components of 2019-20 Ending Fund Balance

Components	Amount
Revolving Cash	\$ 40,000
Stores	300,000
Deferred Maintenance Infrastructure	1,400,000
District Statutory Costs	4,487,325
General Restricted Funds	3,536,215
Reserve for Economic Uncertainties	14,481,540
Deficit mitigation	<u>12,740,209</u>
Total	\$ 36,985,289

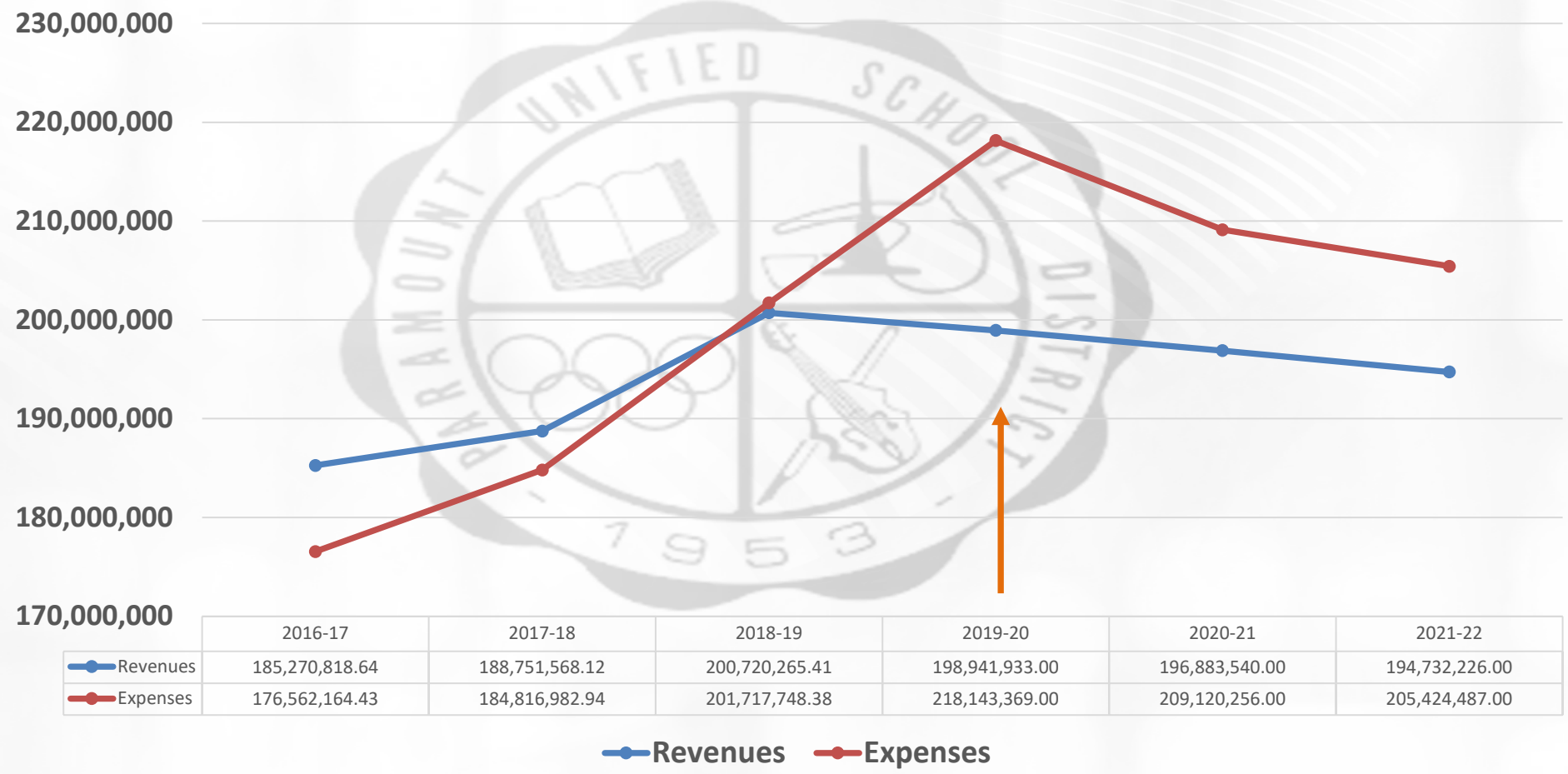


# Unrestricted Multi-Year Projections

General Fund - Unrestricted	2019-20	2020-21	2021-22
Revenues (after Encroachment)	\$148,806,457	\$146,699,759	\$143,773,867
Expenditures	\$167,450,693	\$157,664,663	\$153,557,282
Surplus / (Structural Deficit)	(\$18,644,236)	(\$10,964,904)	(\$9,783,415)
Beginning Fund Balance	\$52,093,310	\$33,449,074	\$22,484,170
Ending Fund Balance	\$33,449,074	\$22,484,170	\$12,700,755



## Multi-Year Analysis: Revenues vs. Expenditures





## Funding Analysis – Expenses

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Variance 15-16 &amp; 18-19</b>
Certificated Salaries	76,141,344	81,685,415	85,048,793	89,346,034	17.34%
Classified Salaries	21,428,744	23,806,718	25,286,076	27,448,008	28.09%
Employee Benefits	33,821,284	36,912,544	39,862,895	43,567,395	28.82%

<b>Statutory COLA</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Adopted Budget	3.70%*	3.26%	3.00%	2.80%
First Interim		3.26%	3.00%	2.80%
Second Interim		3.26%	2.29%	2.71%

\*Includes statutory COLA of 2.71% plus an additional 0.99% appropriated for the LCFF target for 2018-19



## Certification

- Positive Certification
- Projections show PUSD will remain financially **solvent** in the current and subsequent two fiscal years **on condition of expenditure reductions.**

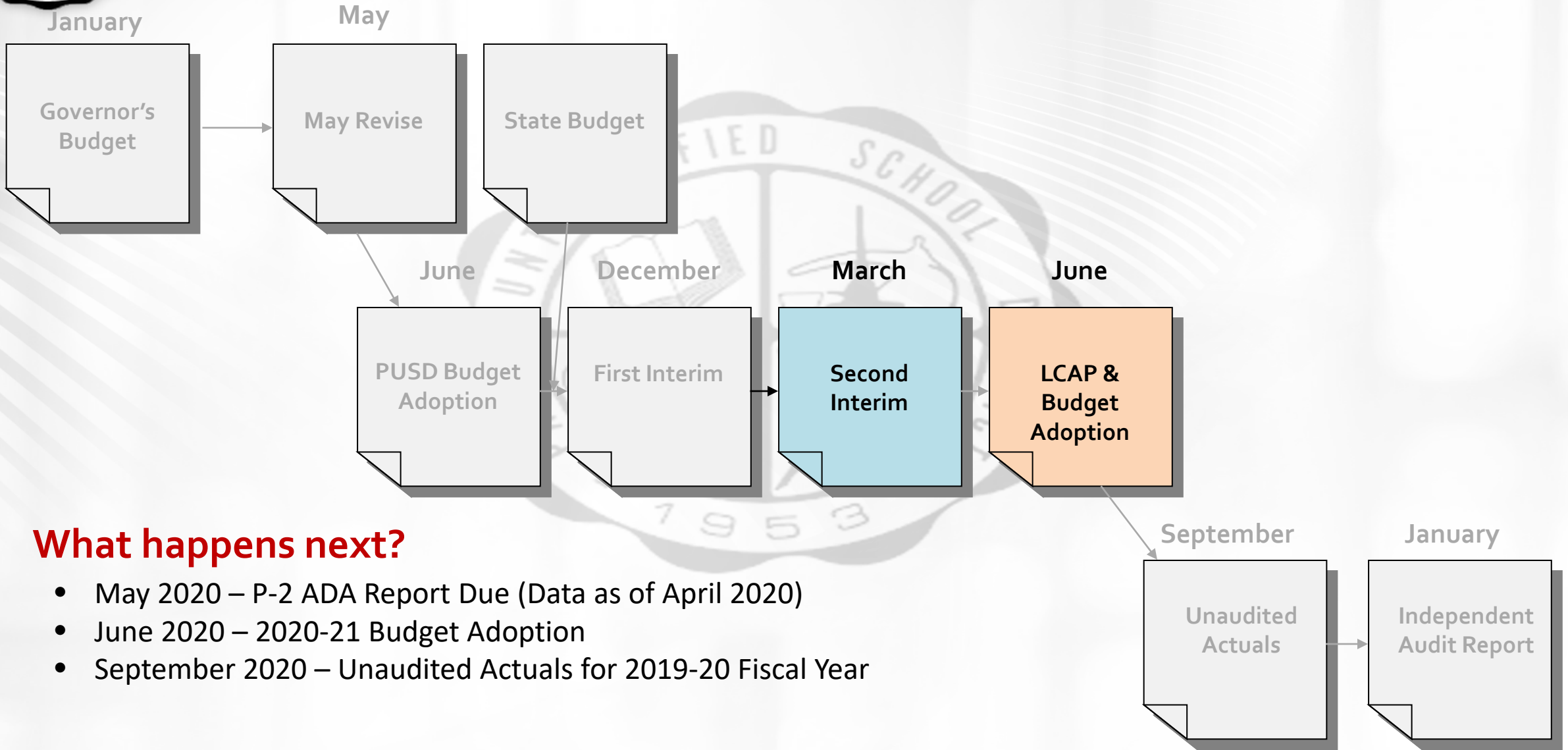
## Challenges

- Declining Enrollment
- Revenue flattening
- CalSTRS & CalPERS increases
- Health & Welfare Benefit Increases
- Encroaching Programs
- Significant reduction of reserves and expenditures needed in order to meet minimum reserve requirements.



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## What happens next?

- May 2020 – P-2 ADA Report Due (Data as of April 2020)
- June 2020 – 2020-21 Budget Adoption
- September 2020 – Unaudited Actuals for 2019-20 Fiscal Year

# 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.*