

Paramount Unified School District



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BOARD OF EDUCATION

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Member
VIVIAN HANSEN
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RUTH PÉREZ
District Superintendent

STUDY SESSION OF BOARD OF EDUCATION

MINUTES February 4, 2019

The meeting was called to order at 5:32 p.m. by President Carmen Gomez in the Boardroom at the District Office, 15110 California Avenue, Paramount, California.

Roll Call

Trustee Carmen Gomez
Trustee Yesenia Cuarenta
Trustee Sonia De Leon
Trustee Linda Garcia – 6:02p.m.
Trustee Vivian Hansen

Administrators Present

Ruth Pérez, Superintendent
Ruben Frutos, Assistant Superintendent-Business Services
Myrna Morales, Assistant Superintendent-Human Resources
Ryan Smith, Assistant Superintendent-Secondary Educational Services
Debbie Stark, Assistant Superintendent-Educational Services
Lucy Albera, Director-Nutrition Services
Cindy DiPaola, Director-Maintenance & Operations
Jessie Flores, Interim Director-Safety & Security
Scott Law, Director-Facilities & Project Development
Patricia Tu, Director-Fiscal Services
Jim Wolff, Director-Technology

Approve Study Session
Agenda February 4, 2019
1.58

Trustee De Leon moved, Trustee Cuarenta seconded and the motion carried 4-0 to approve the agenda of the Study Session of February 4, 2019.

Ayes: 4 – Trustees Cuarenta, De Leon, Gomez, Hansen
Absent: 1 - Trustee Garcia

HEARING SECTION

There were no speakers during the Hearing Section.

General Services

New Board Member
Orientation

Superintendent Dr. Pérez shared with the Board that they would be receiving orientation information on the budget process and information on what the Governor has shared. The new Governor's priorities are different to the previous Governor and added that the Board will learn about the process on reporting Board items to the Board, how the Board is updated legally on the budget, expenditures and adopting the budget.

Ruben Frutos, Assistant Superintendent-Business Services commented that there are six primary departments in Business. Fiscal, Facilities, Maintenance & Operations, Nutrition Services, Technology, Safety & Security.

Mr. Frutos commented that he would be introducing each of his Directors so that they could provide the Board with information on what their offices are responsible for. Patricia Tu, Director-Fiscal Services shared that her office is responsible for payroll, accounts payable & receivable, financial reports, budgets and accounting. President Gomez asked how many people are in the Fiscal Services department? Patricia shared that there are a total of 12 that consist of three (3) Accounts Payable, four (4) Payroll Technicians, three (3) Budget Technicians, one (1) Assistant Director and herself, the Director. Scott Law, Director-Facilities-Project Development shared that he is responsible for modernization, construction, facilities utilization and project planning. He added that he is currently working on 22 projects and works mostly with architects and outside agencies. Cindy DiPaola, Director-Maintenance & Operations shared that her department is responsible for building maintenance and repairs, custodial services, transportation and vehicle maintenance, reprographics, the warehouse, procurement & contracts. Lucy Albera, Director-Nutrition Services shared that her department is responsible for food services including menu planning and catering. Jim Wolff, Director-Technology commented that his department oversees network services, computer services installation and repair, server based systems, e-rate program, district software, phone systems and telecommunications, student computing and system security. President Gomez asked if all employees go through FERPA training? Mr. Frutos shared that the District has to comply with all protection regulations but are not obligated to provide specific training as our filters that Technology implements in partnership with the Los Angeles County Office of Education have to subscribe to all regulations for the internet. Jessie Flores, Interim Director-Safety & Security shared that he is responsible for District-wide security personnel, security and alarm companies, locksmith services, safety initiatives, surveillance systems, and works with SRO partnerships.

Mr. Frutos further added that his office oversees the Risk Management which consists of Property & Liability, Workers Compensation, reviews District contracts and it oversees Health benefits insurance, Dental and Life Insurance, the District's financing, its Bond program and Bridge Financing.

Governor's Proposals for 2019-20 State Budget and K-12 Education

Mr. Frutos shared the themes for the 2019-20 Governor's Budget.

- Governor Gavin Newsom's first State Budget lays the groundwork and signals his governing philosophy and outlook for the next four years
- The recovery from the Great Recession is in its tenth year and some fear a downturn is looming
- The growth in Proposition 98 for 2019-20 is meager even though state revenues are outpacing the forecast
- School Districts will continue to face budget challenges as Local

- Control Funding Formula (LCFF) funding flattens and costs rise
- The education budget contains some new proposals, but Governor Newsom's early childhood education initiative will take center stage

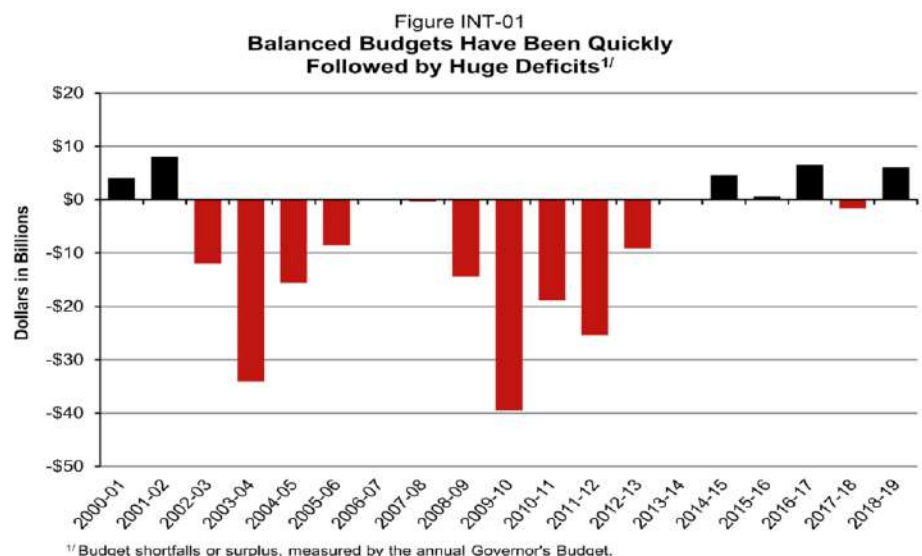
California Economy

- The California economy continues to grow but at a slower rate than the immediate years following the Great Recession
- Continued growth of the economy will rely on three major factors, which may be difficult to achieve
- The Budget assumes steady job growth and a more balanced distribution of wage increases across all workers

Risk to the California Economy and State Budget

- Governor Newsom and the UCLA economists identify a different set of key risks to California's economy – they aren't mutually exclusive

Governor	UCLA
<ul style="list-style-type: none"> Policy conflicts with the federal government Volatile stock market An aging population 	<ul style="list-style-type: none"> Unratified tri-party trade agreement between California, Mexico, and Canada Continued trade tensions between the U.S. and China
<ul style="list-style-type: none"> The health of the economy drives state revenues and thus the State Budget 	



California School District Budgeting Cycle

- June - Year End Closing
- July – Budget Adoption
- September – Unaudited Actuals

- October – Enrollment Reports /Federal Funding
- December – First Interim Report / Prior Year Audit Report
- January – Governor’s Budget
- March – Second Interim Report
- April – Attendance Report
- May – Governor’s May Revision

Unrestricted	Restricted
<ul style="list-style-type: none"> • Local Control Funding Formula (LCFF) <ul style="list-style-type: none"> – General Fund School Program – Supplemental & Concentration Grants – Add-on Grants • Donations 	<ul style="list-style-type: none"> • Specially Funded Programs: <ul style="list-style-type: none"> – Categorical Programs (Title I) – Grants • Special Education • Cafeteria • Bond

- ❑ The LCFF consolidated the majority of the categorical programs, thereby eliminating the spending restrictions.
- ❑ The Local Control Accountability Plan (LCAP) is the plan on how districts are held accountable for using LCFF funds and supporting targeted youth.

LCFF - How the State funds Paramount USD

The District receives a Base Grant for every student.

Base Grant

The District receives a Supplemental Grant for every high-needs student.

Supplemental Grant

Add on

Base Grant

The District receives a Concentration Grant for every high-needs student over 55% total enrollment.

Concentration Grant

Supplemental Grant

Add on

Base Grant

LCAP Gap Closure (billions of dollars)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Transition Funding	\$2.067	\$4.722	\$5.994	\$2.942	\$1.362	\$2.883
Gap Closure	12.00%	30.16%	52.56%	56.08%	44.97%	100%
COLA	1.57%	0.85%	1.02%	0.00%	1.56%	2.51%
Percent of Target Funded	72%	80%	90%	96%	97%	100%

Local Control Funding Formula

	2016-17	2017-18	2018-19	2019-20
Revenue				
Supplemental & Concentration	39,626,451	42,286,781	47,706,878	47,769,507
Base	116,592,517	117,605,722	123,393,162	123,531,622
Total	156,218,968	159,892,503	171,100,040	171,301,129
Target Entitlement	165,287,321	166,325,794	171,100,040	171,301,129

2019-20 Local Control Funding Formula

- The State Budget proposes \$2 billion towards LCFF to fund the 3.46% statutory COLA
 - This brings LCFF funding to \$63 billion (up from \$61 billion in 2018-19)
- 2019-20 LCFF growth provides an average increase in per-pupil funding of an estimated \$343 per ADA, or 3.37% (individual results will vary)
 - The lower 3.37% increase takes into consideration that no COLA is provided for Targeted Instructional Improvement Grant, Transportation, or Economic Recovery Target
- Supplemental and concentration grants are calculated based on the percentage of an LEA's enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth – the unduplicated pupil percentage (UPP)

What's not in the budget – Discretionary Grant Funding

- During the last four years of the economic recovery, school districts have experienced major upward revisions of the current-year Proposition 98 guarantee, providing huge one-time discretionary grants in the following year
 - 2018-19: \$1.1 billion or \$184 per ADA
 - 2017-18: \$877 million or \$147 per ADA

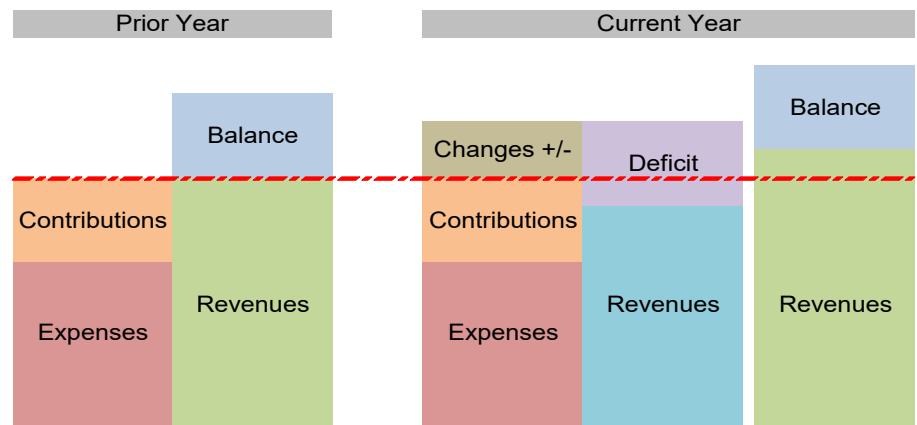
- 2016-17: \$1.3 billion or \$214 per ADA
- 2015-16: \$3.2 billion or \$530 per ADA
- In contrast, the Governor's Budget indicates that Proposition 98 has been revised downward in the current year and therefore no discretionary grant funding is proposed for 2019-20
 - Nor does Governor Newsom use other one-time funds for discretionary grant funding

Early Care and Education

- One of Governor Newsom's most aggressive budget investments is made in the early care and education sector
- In total, the 2019-20 Budget includes over \$2.4 billion in programs and services to children and families
 - Most are one-time investments
 - Nearly all of them are funded with non-Proposition 98 dollars

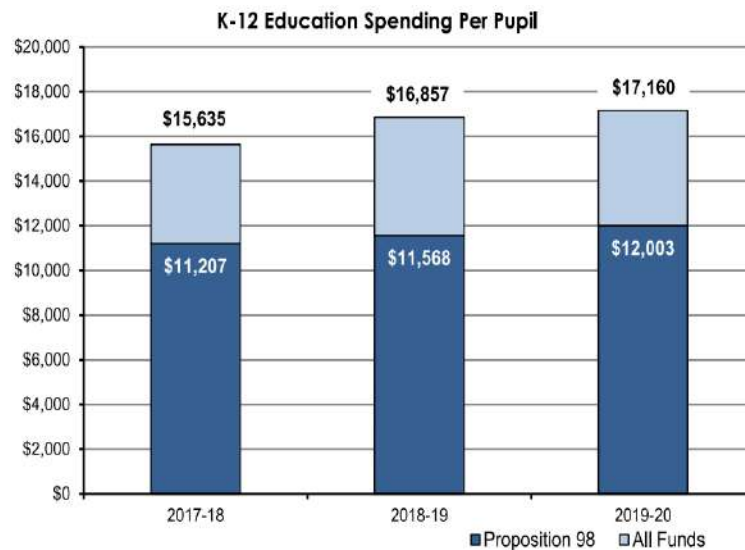
Budget Development

The adopted budget is a plan based on information provided in a specific time period. The plan evolves as the year progresses and the district receives updated information and funding.

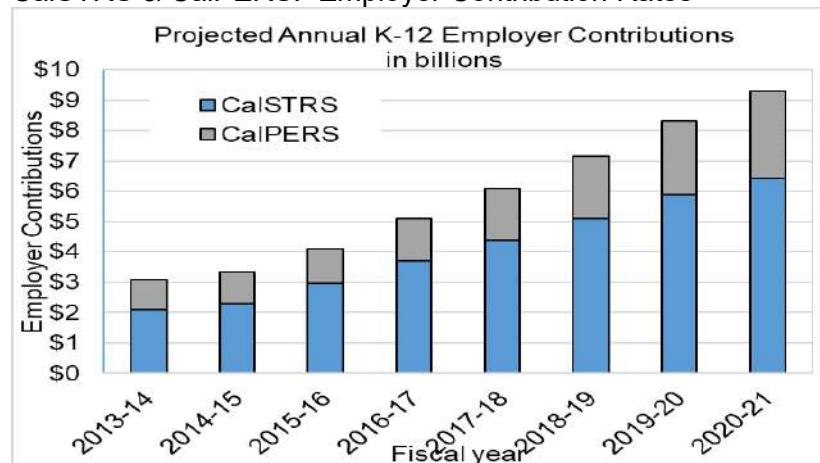


Budget Development Process & Indicators

- LCFF
- LCAP
- FEDERAL FUNDING (TITLES)
- Attendance & Enrollment decline
- End of Gap funding
- No one-time funds planned
- COLA
- CalPERS & CalSTRS
- Staffing
- Special Education



CalSTRS & CalPERS: Employer Contribution Rates

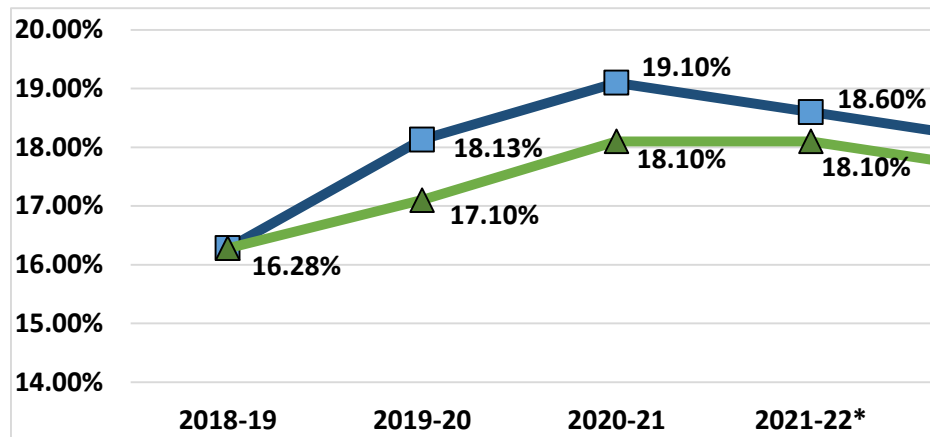


Projected K-12 Employer Contributions as a percentage of payroll

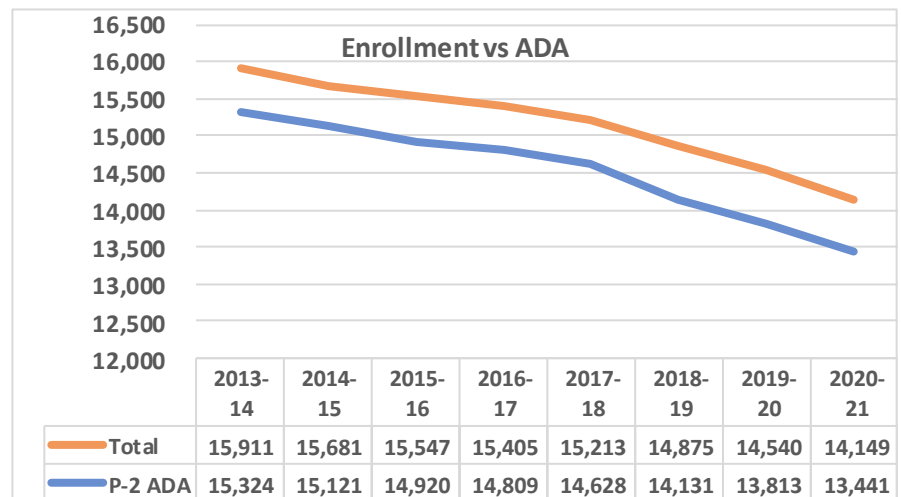
Fiscal Year	CalSTRS	CalPERS
Current Year	14.43	15.531
2018–19	16.28	17.7*
2019–20	18.13	20.0*
2020–21	19.10	22.7*
2021–22	18.10*	23.7*
2022–23	18.10*	24.3*
2023–24	18.10*	24.8*
2024–25	18.10*	25.1*

* Projected

CalSTRS Employer Contribution Rates – Current Laws vs Governor's Proposal



*Beginning in 2021-22, the CalSTRS Board has authority to increase/decrease the employer contribution rate (with some restrictions) to fully fund the unfunded liability by 2046



AB 1200 Oversight Changes

- Under previous laws, the Fiscal Crisis & Management Assistance Team (FCMAT) would only engage districts upon the request of the district or COE
- As a result of changes in the 2018-19 Budget Act, FCMAT will now automatically engage under the following conditions:
 - Disapproved budget
 - Negative interim report
 - Three consecutive qualified reports
 - Downgrade of interim certification
 - "Lack of going concern" designation
- As part of this engagement, FCMAT may engage in a fiscal health risk analysis
 - Analysis will be coordinated with the COE and is expected to build upon the COE oversight process at no cost to the COE or district

Budget Next Steps

- State level
 - Budget committee hearings
 - Next update – May Revision
- Local level

- Second Interim report due by March 19, 2019, for school districts

Contracts and Procurement – Legal Process

Mr. Frutos and Ms. DiPaola provided the Board with information on contracts and the procurement process.

- In accordance with California Education Code 42632 and Governing Board Policy, only authorized individuals appointed by the Governing Board may financially obligate the Paramount Unified School District. The District requires issuance of a signed purchase order or contract to a vendor prior to furnishing any services, equipment or materials.
- PUSD Board Policy: All purchases shall be made by formal contract or purchase orders, or shall be accompanied by a receipt. BP 3310(a)
- To be valid or to constitute an enforceable obligation against the District, all contracts must be approved and/or ratified by the Board. Education Code 17604
- The procurement of supplies, equipment and services necessary for the operation of the District are centralized in the Purchasing Department of the Business Services Division under the direction and supervision of the Director of Purchasing.

BID PROCESS

PIGGIBACK PROCUREMENT

UNIT PRICING

COMMODITY PURCHASING



CONTRACT INFORMATION:

All contracts should contain certain basic information. This information should include but is not limited to the following:

- The name of the parties.
- The dates or term of the contract.
- The responsibilities and obligations of the parties.
- The terms of payment.
- The procedure for termination of the contract.
- Signature lines for the authorized individuals executing the contract

PRESENTATION BASE 2018-2019 PURCHASING

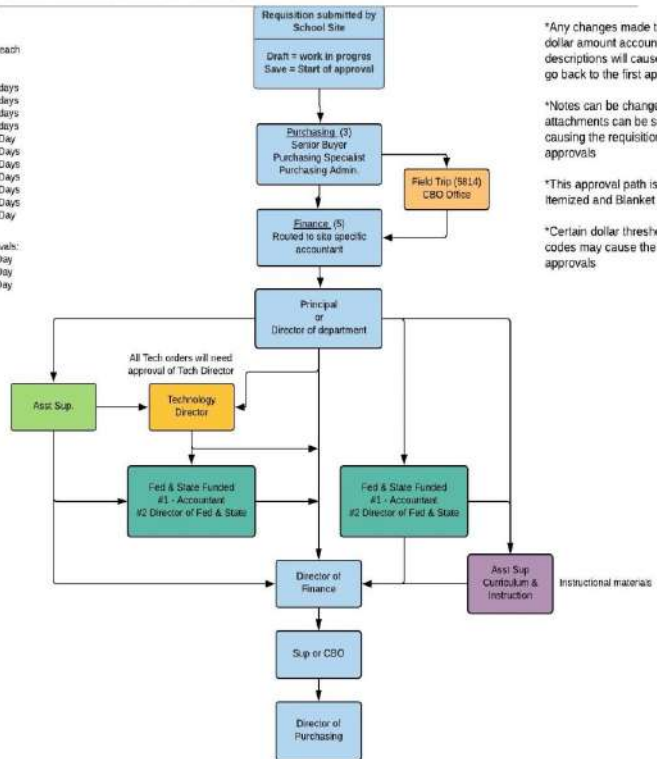
FLOW CHART

Maximum Approval Times for each step:

Partials:	
Sr Buyer -	2 days
Purchasing Spec -	2 days
Admin -	2 days
Finance -	2 days
Principal/Director -	1 Day
Fed/State -	2 Days
Director -	2 Days
Asst Sup -	2 Days
Director of Finance -	2 Days
Superintendent/CBO -	1 Day
Director of Purchasing -	1 Day

REQS that require extra approvals:

CTE - Rob Hoffman	1 Day
Field Trips - K. Fuentetaja	1 Day
Technology - D. Weiser	1 Day

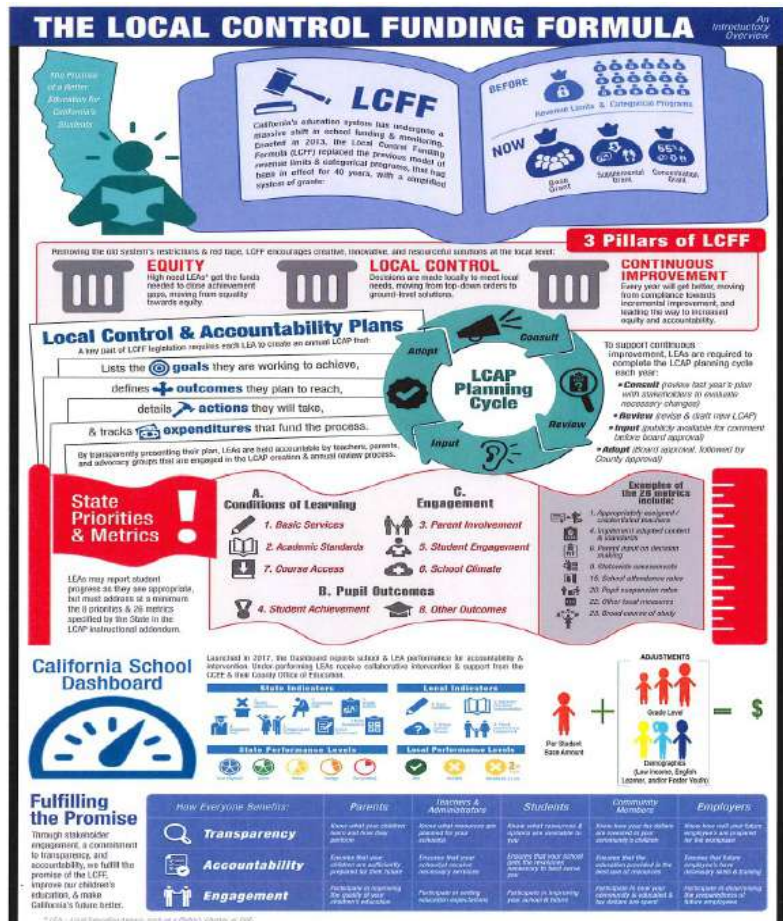


*Any changes made to the line items, dollar amount account string or descriptions will cause the requisition to go back to the first approver (Purchasing)

*Notes can be changed or added, attachments can be saved without causing the requisition to return to start of approvals

*This approval path is the same for Itemized and Blanket PO's

*Certain dollar thresholds or commodity codes may cause the need for additional approvals



ADJOURNMENT

Trustee Hansen moved, Trustee De Leon seconded, and the motion carried 5-0 to adjourn the Study Session meeting of the Board of Education held on February 4, 2019 at 7:36 p.m.

Ayes: 5 – Trustees Cuarenta, De Leon, Garcia, Gomez, Hansen

Ruth Pérez, Secretary
To the Board of Education

President

Vice President/Clerk