



YPI CHARTER SCHOOLS

May 11, 2020

TO: YPI Charter Schools
Board of Trustees

FROM: Yvette King-Berg
Executive Director

**SUBJECT: Recommendation to approve budget reductions for 2020-2021
and immediate hiring freeze**

BACKGROUND

On, The Great Recession taught us many lessons, and what can be expected as the state of California reopens.

The April Financial Business Manager's report presented a number of uncertainties public schools in California will face in the 2020-2021 school year: enrollment projections and attendance rates, staffing, funding rates, and deferrals.

The larger and older YPICS schools have at least four months of cash on hand, as per Board policy, which should be sufficient to weather the deferrals that are anticipated. The high school has been working to build cash to the four-month level, but quite there yet. The cash on hand for high school is a month, which will require YPICS to provide assistance.

Prior to the pandemic, the COLA was forecast at 2.29 (increased to 2.31% last week), which will undoubtedly not be funded (as was the practice during the Great Recession), and instead, a decrease of at least 5% will be implemented although many financial analysts are predicting at 10% to 20% decrease to the LCFF.

When planning for the new school year even in strong fiscal times, all projections and predictions are considered to ensure the schools, particularly staff, are well informed and prepared. This year, the preparation includes a projected loss of COLA and an additional 5% cut to funding. Additionally, the Executive Team has prepared budgets as if the loss of funding would be 10%. Should the loss increase to 20%, budgets will be further adjusted, but the hard work of arriving at a positive and balanced budget has been accomplished as the release of the Governor's May Revision is anticipated on May 15, 2020. (If the loss of revenue should be 20%, cuts will be significantly greater and very difficult to even imagine.)

ANALYSIS

The following changes are recommended for implementation in the 2020-2021 school year to establish positive ending fund balances for each site:

YPICS Learning and Support Center (Central Office) Reductions

- The LSC lease will end in September and will not be renewed for October 1, 2020. Employees will be reassigned to work from Bert Corona, MORCS, or from home. The LSC Team will continue to work from these new locations until the economic conditions change in the state.
- Two central office positions will be eliminated from the LSC, and employees will be reassigned, if possible, using the Reduction in Force Policy.

YPICS School Site Reductions

Essential positions, which support the core function of YPICS, were identified for the high school and the middle schools. The following positions and fiscal cuts were made in order to balance their budgets for 2020-2021:

Bert Corona High School Reduction:

- Two High School positions will be eliminated, one administrative and one office-clerk, and employees will be reassigned if possible, using the Reduction in Force Policy.

Bert Corona Middle School Reductions:

- Reductions in deferred maintenance projects saving 70,000 K
- Eliminated one non-credentialed specialty elective position (Reduction in Force Policy applies)
- Eliminated Tutors by 6 classified positions (Bert Corona will work with our partner agencies to support staff placement with other programs that support the school)

Monsenor Oscar Romero Reduction (MORCS potentially has reserves to be allowed some flexibility with personnel spending cuts):

Non-Personnel Cuts

All schools also reduced the following line items by at least 10%-20%, depending on the individual school's budgets:

- Books and reference materials (does not include core curricula)
- All other supplies
- Travel and conferences
- Field trips
- Sub teachers
- Other consultants and services
- Other communications

Implementation of "Step and Salary Freeze" along with a "Hiring Freeze" immediately, which may only be waived with approval by the Executive Director or the Chief Operations Officer.

The Board is advised that additional reductions to the budget may become necessary after release of the Governor's May Revision and then subsequently as a July Revision is also anticipated after the receipt of taxes by the state.

RECOMMENDATION

It is recommended that the Board of Trustees approve the budget reduction actions for the 2020-2021 school-year.