

ORANGE UNIFIED SCHOOL DISTRICT



USER FRIENDLY BUDGET

Business Services

December 15, 2020

A message from:

The Office of the Assistant Superintendent of Business Services

This User-Friendly Budget is an opportunity to communicate our financial commitment to District goals and actions. The 2020-21 Revised Budget has been developed based on the Enacted State Budget for California's Schools. Therefore, this Budget Revision incorporates the COVID-19 Relief funds allocated to the District and corresponding expenditures. A summary of the District actions to provide high-quality education, social-emotional supports, and nutrition to students during the pandemic is presented on page 10 of this issue.

The Board of Education and the Superintendent have the responsibility of setting policy and direction for the District, a task accomplished by defining goals and actions to be implemented by staff. Our Four Areas of Focus are the basis for allocating resources to our priorities:

- ◇ Excellence in Academics & Leadership
- ◇ Dedicated & Engaged Communication
- ◇ Genuine Wellness & Safety
- ◇ Efficient Utilization of Fiscal Capital

We remain fiscally responsible while focusing limited resources on supporting student achievement. Thank you for your continued support for the students of the Orange Unified School District.

David A. Rivera,
Assistant Superintendent/CBO



Serving the communities of Orange, Anaheim Hills, Villa Park and portions of Santa Ana, Garden Grove, and unincorporated areas of Orange County. Orange Unified School District is located in the central portion of Orange County and encompasses nearly 108 square miles.



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District Philosophy and Goals



VISION - OUR COMMITMENT

Inspiring our learners of today to be purposeful leaders of tomorrow.

MISSION - OUR INTENTION

In partnership with our community, we will provide a safe, equitable, and innovative culture of learning for each scholar to have a competitive EDGE as a leader.

CORE VALUES - OUR FOUNDATION

INTEGRITY

We embrace a culture of ethical and transparent decision making and actions.

EQUITY

We promote inclusive and culturally relevant environments by supporting the social-emotional and intellectual needs of all.

RESPECT

We advocate for strong, compassionate relationships that appreciate the unique qualities of our diverse community.

EXCELLENCE

We strive for the highest standards in all endeavors by deliberately pursuing continuous growth and innovation.

District Budget Overview

The Purpose of the Budget

The District's Budget is an expression in dollars of its educational program. The budget serves as an outline for estimated revenue and expenses for the fiscal year and is intended to serve a variety of purposes:

- ♦ A financial plan outlining proposed District goals and actions
- ♦ A reflection of educational philosophy
- ♦ A statement of District priorities
- ♦ A description of the education plan and resources to support the plan

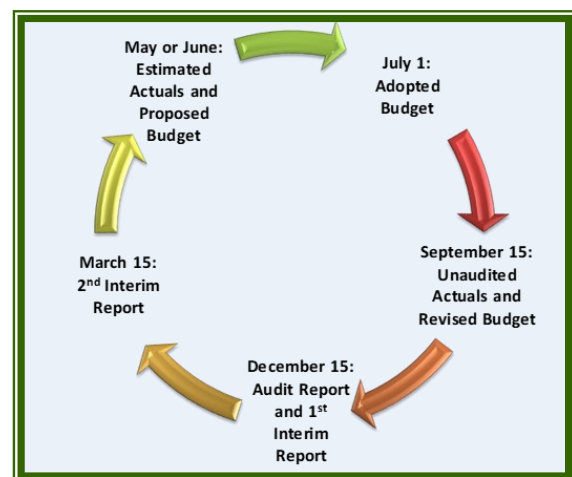
Fund Budgeting

The State requires the use of various funds based on the type of revenues and expenditures. The General Fund is the primary operating fund and it is used to account for the ordinary operations of the District. The general fund includes all transactions except those accounted for in a specialized fund, such as the Charter Schools Fund, Cafeteria Fund or Capital Projects Fund.

The Budget Cycle

Education Code requires local education agencies to submit financial reports at least four times a year. The reports must follow State guidelines and meet pre-determined financial standards to measure risk factors and the overall fiscal solvency of the district. The District uses a zero-based budgeting approach, which means that all expenses must be justified each year and therefore Business Services staff conducts budget development sessions with each school and department administrator to develop their site budgets.

This chart is an overview of the Education Code reporting requirements.



Budget Overview for Parents

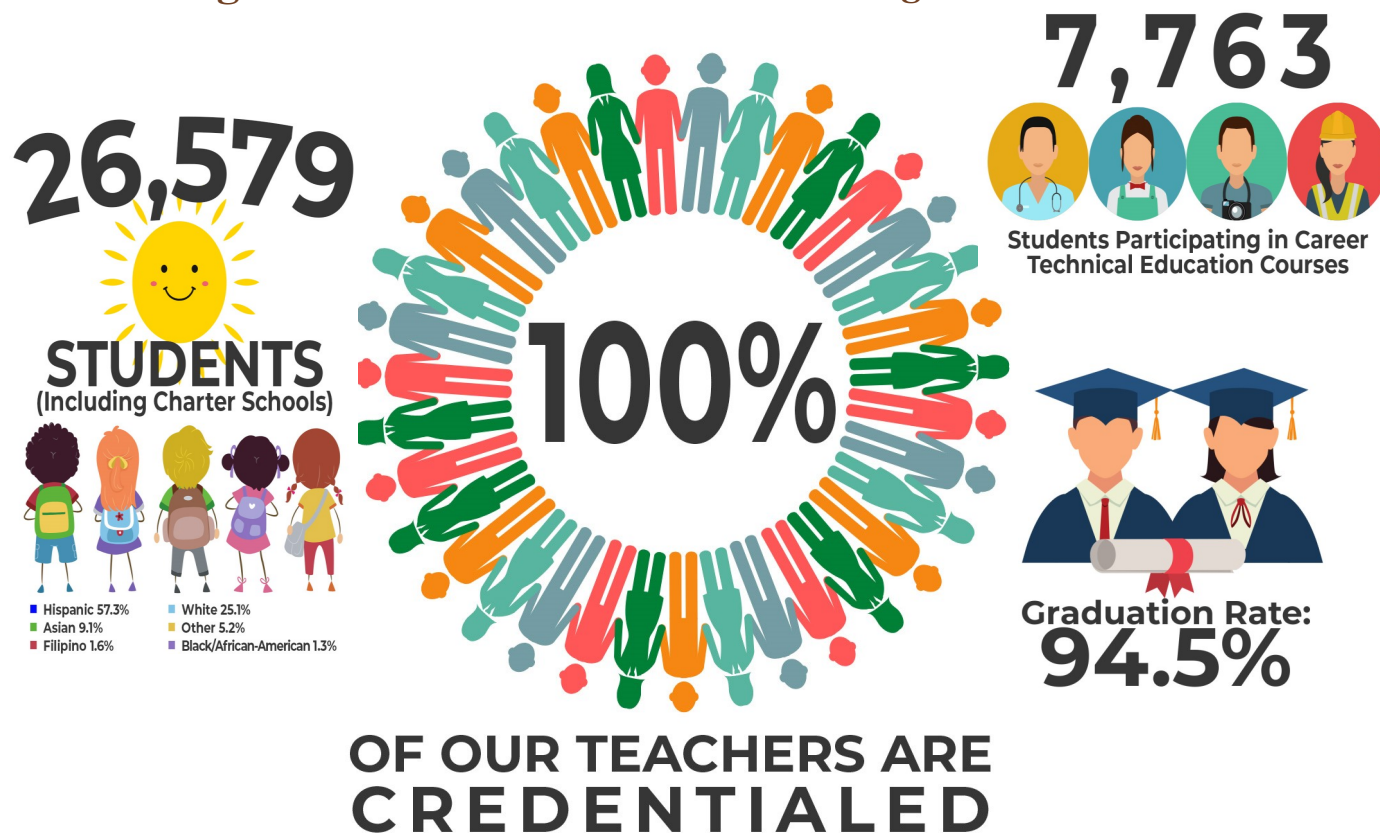
The Budget Overview for Parents (BOP) is a document developed by the California Department of Education to provide fiscal transparency to stakeholders. Beginning in 2019-20, school districts were required to develop the BOP along with the Local Control and Accountability Plan (LCAP).

Due to the COVID-19 Pandemic, the requirement to adopt the 2020-21 LCAP has been waived. Instead, school districts had to develop the Learning Continuity and Attendance Plan (LCP) outlining the plan of providing a high-quality education, social emotional supports, and nutrition to all students during the pandemic. The District LCP was board approved at the September 24 meeting. Also, the Budget Overview for Parent reflecting the actions and services detailed under the Learning Continuity Plan was developed and approved on December 15, 2020.

A document copy is available on the District's website at

<https://www.orangeusd.org/departments/business-services/budget-reports/board-presentations>

Interesting to Know... OUSD Educational Programs



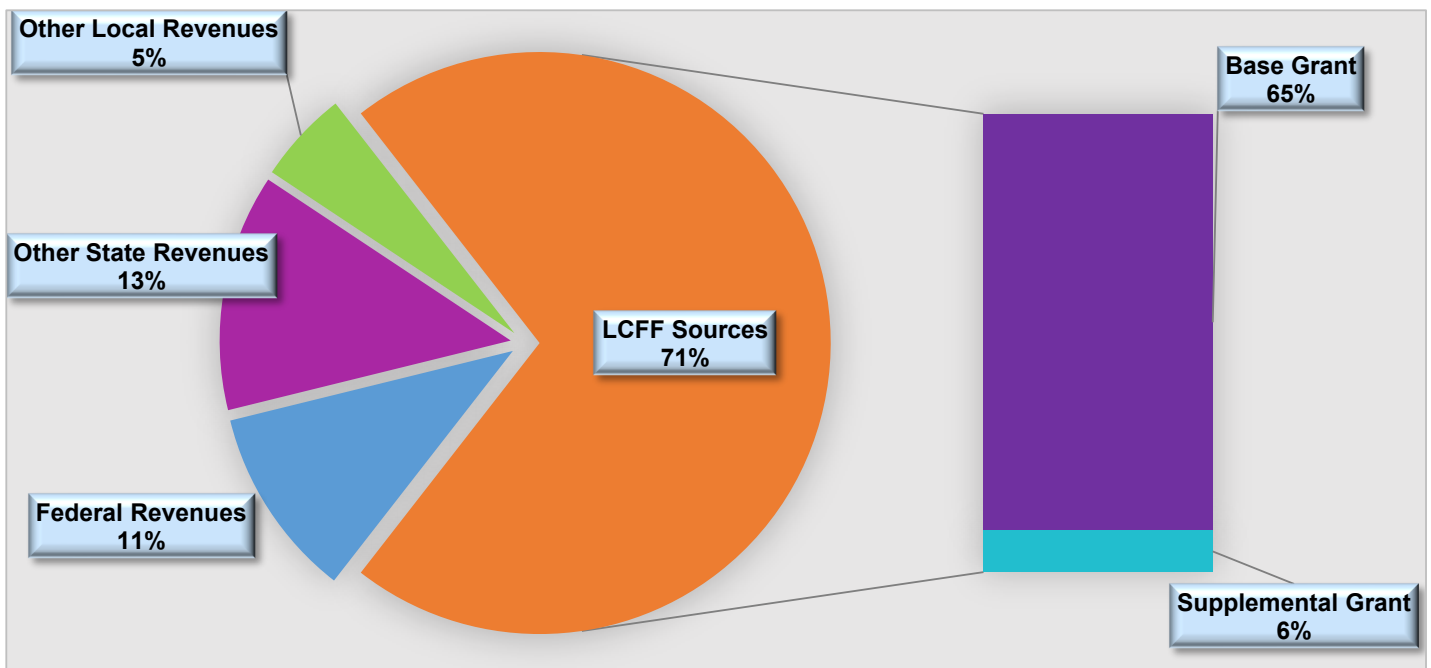
General Fund Revenues

2020-21 Revised Budget – December 15, 2020

The total revenues from the Local Control Funding Formula are projected at \$230M or 71% of the District total revenues. Driving factors for the LCFF apportionment calculation are: Average Daily Attendance (ADA); the percentage of unduplicated English Learners, Low-Income students, and Foster Youth; and the cost of living adjustment. The last factor is determined at the state level. The LCFF revenues include a nominal transfer to the Deferred Maintenance Fund

Federal Revenues are projected at \$34M, State Revenues at \$43M, and Other Local Revenues at \$17M, representing 11%, 13%, and 5% respectively of total revenues. The Federal and State Revenues include approximately \$20.7 million of COVID Relief Funds allocated to Orange Unified. Please see page 10 for a summary of the allocations.

	Restricted	Unrestricted	Total
LCFF Sources	\$0	\$230,089,410	\$230,089,410
Federal Revenues	\$34,272,031	\$125,000	\$34,397,031
Other State Revenues	\$37,996,643	\$4,661,376	\$42,658,019
Other Local Revenues /Transfers In	\$2,141,230	\$14,505,046	\$16,646,276
TOTAL REVENUES	\$74,409,904	\$249,380,832	\$323,790,736



General Fund Expenditures

2020-21 Revised Budget–December 15, 2020

	2020-21
Certificated Salaries	\$131,200,385
Classified Salaries	\$51,357,327
Employee Benefits	\$83,136,381
Books and Supplies	\$23,737,944
Services and Other Operating	\$38,361,179
Capital Outlay	\$3,318,450
Other/Transfers Out	\$9,739,184
TOTAL EXPENSES	\$340,850,850

The General Fund Expenditures for 2020-21 are projected at \$341M, with approximately 78% of those expenses earmarked to cover the salaries and benefits of teachers and support service providers. Salaries and benefits are projected based on established staffing ratios and Board approved positions. In addition, budget allocations are provided to each school site on a per-student basis to cover operational costs like instructional materials, postage, printing, office, and library supplies.

Expenses associated with State and Federal categorical programs are projected not-to-exceed program revenues, except Mental Health Counselors funded by the Low Performing Block Grant and Special Education Master Plan since the apportioned state funds are inadequate to meet the needs of students served. The General Fund contribution to categorical programs including Special Education, Low Performing Block Grant and Routine Restricted Maintenance totals \$36M.

Stakeholders often inquire about the use of Lottery funds, which represents 2% of our annual General Fund budget or approximately \$5M (\$199 per ADA). The District uses the funds to purchase textbooks aligned to the new State Standards and other instructional materials and to support high school athletic programs.

A PEOPLE BUSINESS

Education is a service-oriented business where students are served by teachers and support service providers.

Approximately 78% of General Fund expenditures are for employees, including those who directly serve the children of this District.

Services are provided by teachers, nurses, counselors, librarians, psychologists, speech therapists, custodians, secretaries, clerks, maintenance workers, bus drivers, mechanics, technical support personnel, instructional aides, coaches, substitutes, principals, supervisors, and other administrative and support staff.

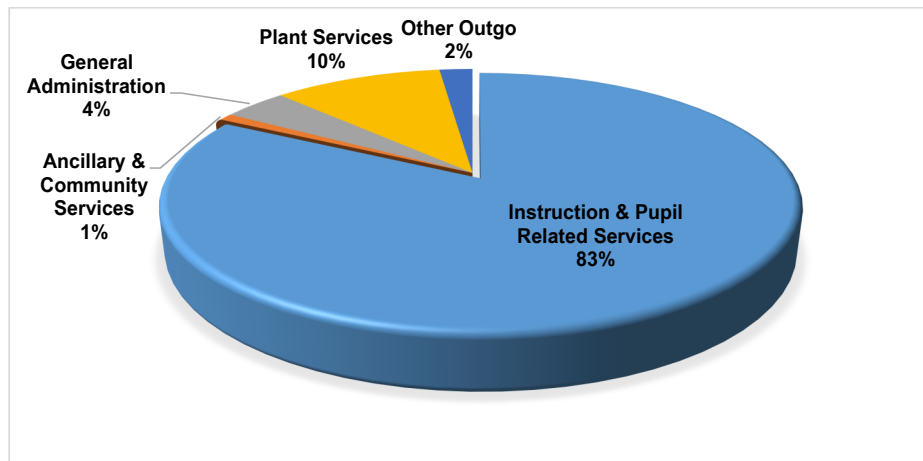
Since our business relies so heavily on people, our budget is impacted by increasing costs of employee benefits and by the cost to attract and retain quality employees who are qualified to serve our children.



Expenditures and Multi-Year Projections

General Fund Budgeted Expenditures by Function or Activity

The graph below shows a breakdown of the General Fund expenses associated with each activity of the District; 83% are related to K-12 instruction and services provided to students, including school administration, library and media, counseling, psychological, speech, pupil transportation and health services. Ancillary & Community Services is the cost of the District's athletic program. General Administration represents the cost of running the District, including fiscal services, human resources, purchasing, warehouse, and audit services. Plant Services include maintenance, operations, custodial, grounds, and security expenses. Other Outgo is the debt service payments, capital leases and transfers to Orange County Department of Education for students educated at County Programs.



At each reporting period, multi-year projections are included with the financial statements, and therefore District's staff is regularly estimating the current plus two subsequent years based on the latest economic indicators and advisories provided by State agencies and Orange County Department of Education. The Board of Education and District Administration continues taking action towards cost containment strategies to balance the multi-year budget. These Multi-Year Projections are a snapshot as of December and will be updated at the next reporting period in March:

	2020-21	2021-22	2022-23
TOTAL REVENUES	323,790,736	295,492,592	289,731,219
TOTAL EXPENDITURES	340,850,850	300,249,883	304,499,477
INCREASE (DECREASE) IN FUND BALANCE	(17,060,114)	(4,757,291)	(14,768,258)
BEGINNING BALANCE	78,021,109	60,960,995	56,203,704
PROJECTED ENDING BALANCE	60,960,995	56,203,704	41,435,446
Adjustment to Ending Fund Balance			
Stores, Revolving Cash and Assignments	(250,000)	(250,000)	(250,000)
Reserve for STRS and PERS Increase	(5,756,547)	(4,871,235)	(489,514)
3% State Required Contingency	(10,225,526)	(9,007,496)	(9,134,984)
Attract & Retain Students	(3,984,343)	(3,784,343)	(3,584,343)
Fund 12-CARES Transfer	(1,700,000)	(1,700,000)	(1,700,000)
Textbooks and Program Carryover	(5,525,000)	(5,525,000)	(5,525,000)
Unappropriated Fund Balance Above 3%	33,519,579	31,065,630	20,751,605

Enrollment Trends

Declining Enrollment and Average Daily Attendance (ADA)

The majority of the District's revenue is generated from the Local Control Funding Formula. The funding is based on the average number of students in daily attendance (ADA). Enrollment is very important; it is even more important that students enrolled also attend school on a daily basis. OUSD has a 96% daily attendance rate, approximately 1 point higher than the state-wide average.

Our enrollment projection for 2020-21 Budget is 24,315 not including charter schools. Compared to 2019-20 this reflects a decline of 661. Declining enrollment is anticipated to reduce ADA by 361 in each of the next two years. District charter schools have a projected enrollment of 2,581 that generates separate revenue for those schools.

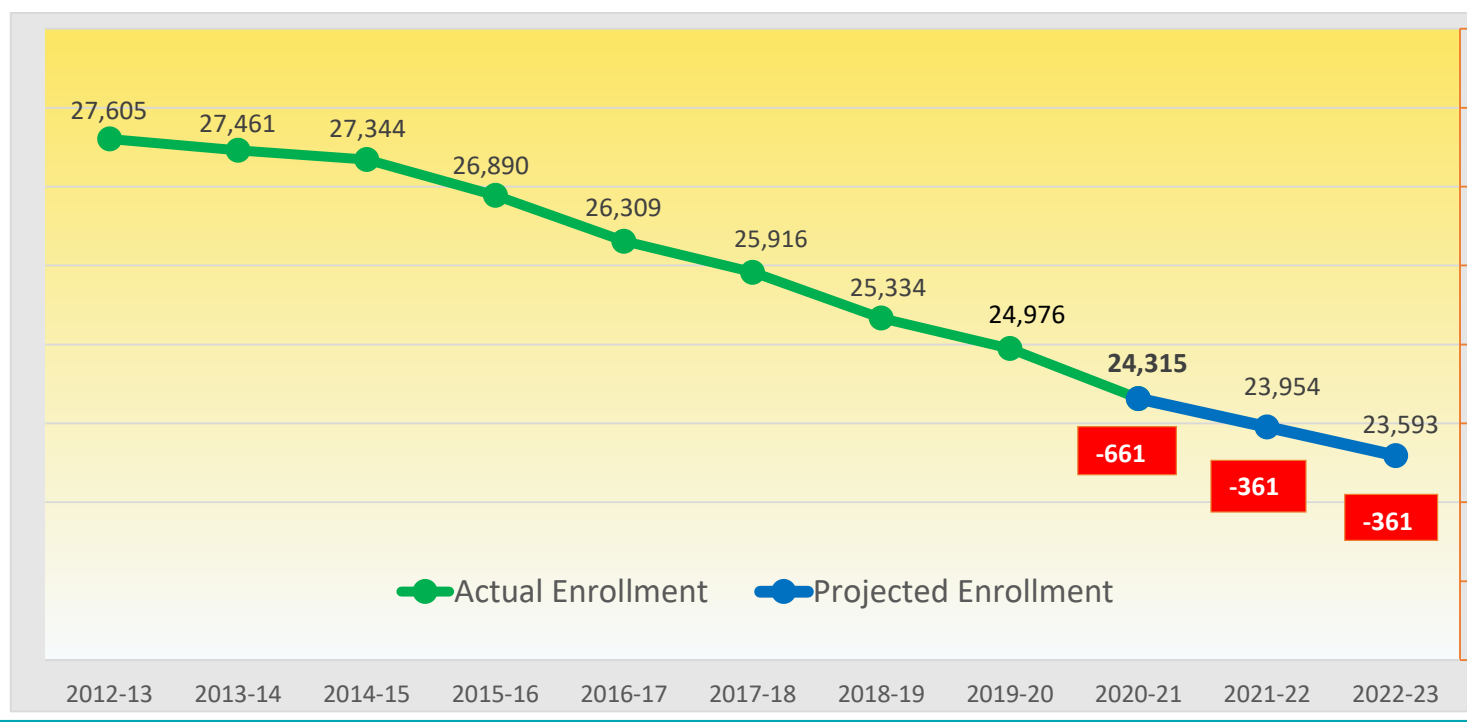
Enrollment projections are revised after the October census day and at each attendance reporting period.

Impact of Declining Enrollment

The revenue generated by one student pays for a portion of the classroom teacher and supplies as well as a small portion of each support service provided by the district. For example, if a district experienced a decline of 30 students and they all came from the same classroom, the district could operate with one less teacher, but a support service like Transportation would not realize any reduced cost.

Furthermore, if a decline of 30 students occurred, but each student was from a different classroom, the district would most likely still need the same number of teachers, and therefore, expenditures would remain the same (except for savings on instructional supplies), but the revenues would be reduced by approximately \$280K. It is very difficult to reduce expenditures to compensate for revenue losses without making significant program reductions. A conservative staffing approach and reserves have helped the district weather declining enrollment.

Historical Enrollment (Excluding Charter Schools)



Impact of COVID-19

Additional Services and Related Expenditures




The District continues to keep the health and safety of our students, staff, and families our priority. As part of our safety measures the District recommends staff to be mindful of the California Department of Public Health's travel advisory recommendations to help prevent the transmission of COVID-19 in our community and schools.

Therefore, a number of measures are in place to protect and support the children and adults we serve by offering high-quality educational programs, Personal Protective Equipment (PPE), Nutrition resources, and social and emotional support. The following links may provide more information and access to some of those programs:

- School Counseling Community Guide (www.orangeusd.org/counseling)
- Mental Health Resources Guide (www.orangeusd.org/departments/educational-services/student-community-services/counseling/mentalhealth)
- Tutoring available 24/7 for our 4th through 12th grade students. Students can sign in through the [MyOUSD Dashboard](#).

OUSD staff remains in close contact with the California Department of Public Health and the Orange County Health Care Agency. Contact tracing continues to affirm that schools are effectively mitigating the spread of COVID-19 on-campus due to enhanced health and safety protocols, including daily home health screenings, the use of face coverings, physical distancing, utilization of outdoor spaces, disinfecting practices, and employee testing.

Since March, the District has been incurring additional costs related to the services described above. The following table is a summary of the COVID-19 Federal and State Relief funds allocated to the District including expenditure deadlines and allowable uses.

COVID-19 Relief Funds			
	 \$421 K	 \$4.2 M	 \$16.5 M
	SB 117	ESSER	LLMF
Description	COVID-19 Response Fund	Elementary and Secondary School Emergency Response	Learning Loss Mitigation Funds
Deadline	No deadline	September 30, 2022	\$15 M by December 30, 2020 \$1.5 M by September 30, 2022
Application Status	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Budgeted	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Funds Received	\$421,084	\$1,060,923	\$15,392,774
Use	Cleaning & disinfecting facilities, PPE, distance learning, and nutrition services	Broad discretion to support coronavirus response activities	Support pupil academic achievement and mitigate learning loss due to school closures

Facilities Updates

Facilities

The District has had the opportunity to gain proceeds in the past from the sale of surplus properties. All proceeds are deposited into a Capital Reserve account that may, as needed, be used to provide major District facilities upgrades and renovations. The Capital Reserve account is currently used to build a new Aquatics Center at El Modena High School that will open in 2022. Also, there are several facilities projects, including the modernization of many of our elementary schools, currently proposed as part of an ongoing Facilities Master Plan (FMP) process started in 2019. Once the FMP is completed, the Board of Education may choose to prioritize projects and allocate proceeds from property sales to projects as soon as the 2023-24 school year.

Facilities Master Plan– Efficient Use of Fiscal Capital

Current Progress: TOWN HALL Meetings (Public Outreach)

Tuesday, January 12, 2021 @ 6pm - 7:30pm – Canyon HS Feeder

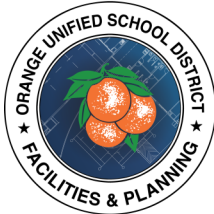
Wednesday, January 13, 2021 @ 6pm - 7:30pm – El Modena HS Feeder

Thursday, January 14, 2021 @ 6pm - 7:30pm – Orange HS Feeder

Wednesday, January 20, 2021 @ 6pm - 7:30pm – Villa Park HS Feeder

★ For More Information please visit the Facilities Master Plan website at:

<https://www.orangeusd.org/departments/facilities-planning/facilitiesmasterplan>



FACILITIES MASTER PLAN

Canyon High School Gymnasium Renovation

Current Progress: Bleacher Installation

Canyon High School's Gymnasium is currently under renovation. To fund this \$1.2 million facelift consisting of a new gym floor, interior and exterior painting, new bleachers, updated restrooms, and ADA upgrades the District partnered with the Canyon High School Foundation. In 2019, the Foundation had raised over \$300,000 in parent and community donations and with a August 2020 Board of Education approval, the project is now in full swing with proposed completion by February 2021.



Measure S Update

At the November 8, 2016 Election, voters approved the Measure S – Orange USD General Obligation Bond Measure.

Measure S will provide \$288 million in locally controlled funds to repair and upgrade the Orange Unified School District's four comprehensive high schools.

Measure S will cost approximately \$29 per \$100,000 of assessed property value (not market value) annually or about \$108 per year for the average residence.

Measure S continues to make great progress in the Orange Unified School District. Phase I projects featuring four new state-of-the-art Science Center projects, are currently under construction.

Phase II projects are currently in the construction document phase and will be submitted to the Division of the State Architect over the next 4 months. Phase II includes the construction of new classroom buildings at El Modena, Orange, and Villa Park High Schools along with several renovation projects throughout the four campuses. These multiple Phase II projects were approved unanimously by the Board of Education at the July 25, 2019 Board meeting.

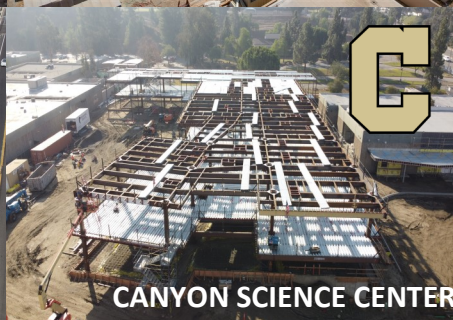
Presentations and updated program information may be found at:

<https://www.orangeusd.org/measure-s>

Phase 1 Construction Completion:

- ◇ COMPLETED AND OPEN! - Orange HS Science Center
- ◇ Summer 2021 - El Modena HS Science Center
- ◇ Summer 2021 - Villa Park HS Science Center
- ◇ Fall 2021 - Canyon HS Science Center

Citizens' Oversight Committee (COC) has held four meetings per year since May 2017 and delivered its third annual report to the Board of Education on March 12, 2020. The seven (7) member committee acts independently from the Board of Education to promote transparency and provide assurance to the District taxpayers.



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