

Orange Unified School District



User Friendly Budget

Business Services

September 09, 2021

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 Unaudited Actuals reflect the actual revenues received and expenses incurred during the year based on the Generally Accepted Accounting Principles. The 2021-22 Adopted Budget is revised to include COVID relief funds and changes in the COLA (Cost of Living Adjustment), in accordance with the State Budget Act.

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.



Inside this issue:

District Philosophy & Goals	3
District Budget Overview	4
General Fund Revenues	5
General Fund Expenditures	6
Multi-Year Projections	7
Enrollment Trends	8
Governor's May Revision	9
Impact of COVID 19	10
Facilities Updates	11
Measure S Update	12

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

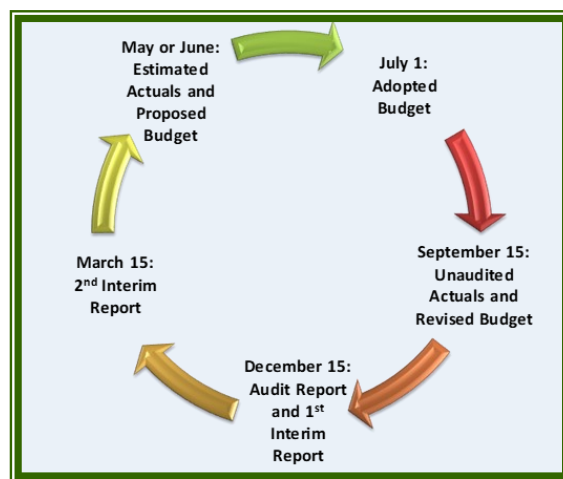
Fund Budgeting

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.



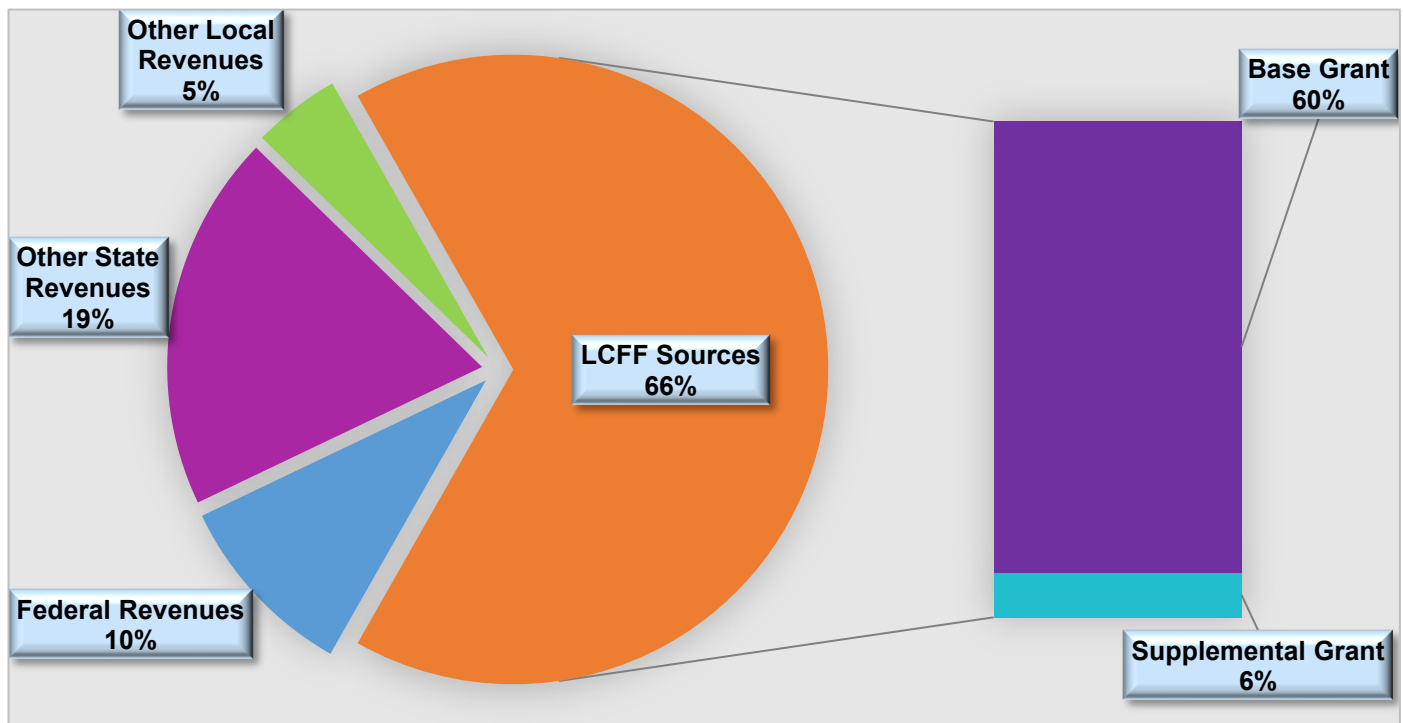
General Fund Revenues

2020-21 Unaudited Actuals – September 9, 2021

The total revenues from the Local Control Funding Formula are projected at \$232M or 66% 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.

Federal Revenues are projected at \$34M, State Revenues at \$67M, and Other Local Revenues at \$16M, representing 10%, 19%, and 5%, respectively, of total revenues.

	Restricted	Unrestricted	Total
LCFF Sources	\$0	\$232,379,738	\$232,379,738
Federal Revenues	\$33,543,032	\$310,236	\$33,853,267
Other State Revenues	\$62,555,213	\$5,094,324	\$67,649,537
Other Local Revenues /Transfers In	\$2,230,482	\$13,520,614	\$15,751,096
TOTAL REVENUES	\$98,328,727	\$247,874,561	\$349,633,639



General Fund Expenditures

2020-21 Unaudited Actuals – Sept. 9, 2021

	2020-21
Certificated Salaries	\$131,136,576
Classified Salaries	\$55,292,513
Employee Benefits	\$81,664,614
Books and Supplies	\$21,425,272
Services and Other Operating	\$27,569,798
Capital Outlay	\$3,598,359
Other/Transfers Out	\$10,261,702
TOTAL EXPENSES	\$330,948,834

The General Fund Expenditures for 2020-21 are projected at \$331M, with approximately 81% of those expenses earmarked to cover the salaries and benefits of teachers and support service providers. Salaries and benefits are Board-approved positions. Operational costs include instructional materials, postage, printing, office, and library supplies.

Expenses associated with State and Federal categorical programs are not-to-exceed program revenues, except 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 and Routine Restricted Maintenance totals \$30M.

Stakeholders often inquire about the use of Lottery funds, which represents 2% of our annual General Fund budget or approximately \$6M (\$243 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 81% 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.

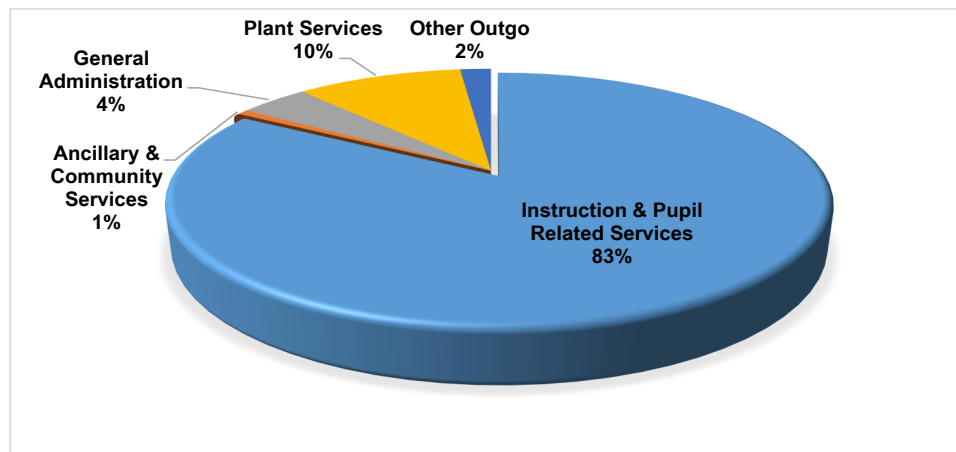
Since our business relies so heavily on people, our budget is impacted by increasing costs of employee benefits and by the cost to attract and retain quality employees who are qualified to serve our children.



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 the 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 continue taking action toward cost containment to balance the multi-year budget. These Multi-Year Projections are a snapshot as of September and will be updated.

	2020-21 Actuals	2021-22 Projected	2022-23 Projected	2023-24 Projected
TOTAL REVENUES	349,633,639	364,561,623	303,238,316	306,984,880
TOTAL EXPENDITURES	330,948,834	378,884,006	306,424,728	308,723,782
INCREASE (DECREASE) IN FUND BALANCE	18,684,805	(14,322,383)	(3,186,412)	(1,738,902)
BEGINNING BALANCE	78,021,109	96,705,914	82,383,531	79,197,118
PROJECTED ENDING BALANCE	96,705,914	82,383,531	79,197,119	77,458,216
Adjustments to Ending Fund Balance				
Stores, Revolving Cash and Assignments	(161,896)	(250,000)	(250,000)	(250,000)
Reserve for STRS and PERS Increase	(5,490,971)	(4,934,882)	(668,382)	(668,382)
3% State Required Contingency	(9,928,465)	(11,366,520)	(9,192,742)	(9,261,712)
Restricted Reserves	(17,792,209)	(2,397,072)	(1,820,928)	(1,231,187)
3% Negotiated Increase	0	(5,936,172)	(5,936,172)	(5,936,172)
Attract & Retain Students	(3,879,661)	(3,397,467)	(3,137,467)	(2,877,467)
Enrollment Decline Reserve	(1,500,000)	(3,000,000)	(3,000,000)	(3,000,000)
Textbooks and Program Carryover	(10,107,361)	(688,896)	(4,947,414)	(4,917,414)
Unappropriated Fund Balance Above 3%	47,845,351	50,412,522	50,244,014	49,315,882

Enrollment Trends

Declining Enrollment and Average Daily Attendance (ADA)

Approximately 66% 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 the 2021-22 Budget is 23,725 not including charter schools. Compared to 2020-21, this reflects a decline of 361. Enrollment for the next three years is anticipated to decline by 361 each year. District charter schools enrollment generates separate revenue for those schools and is not included in the table below.

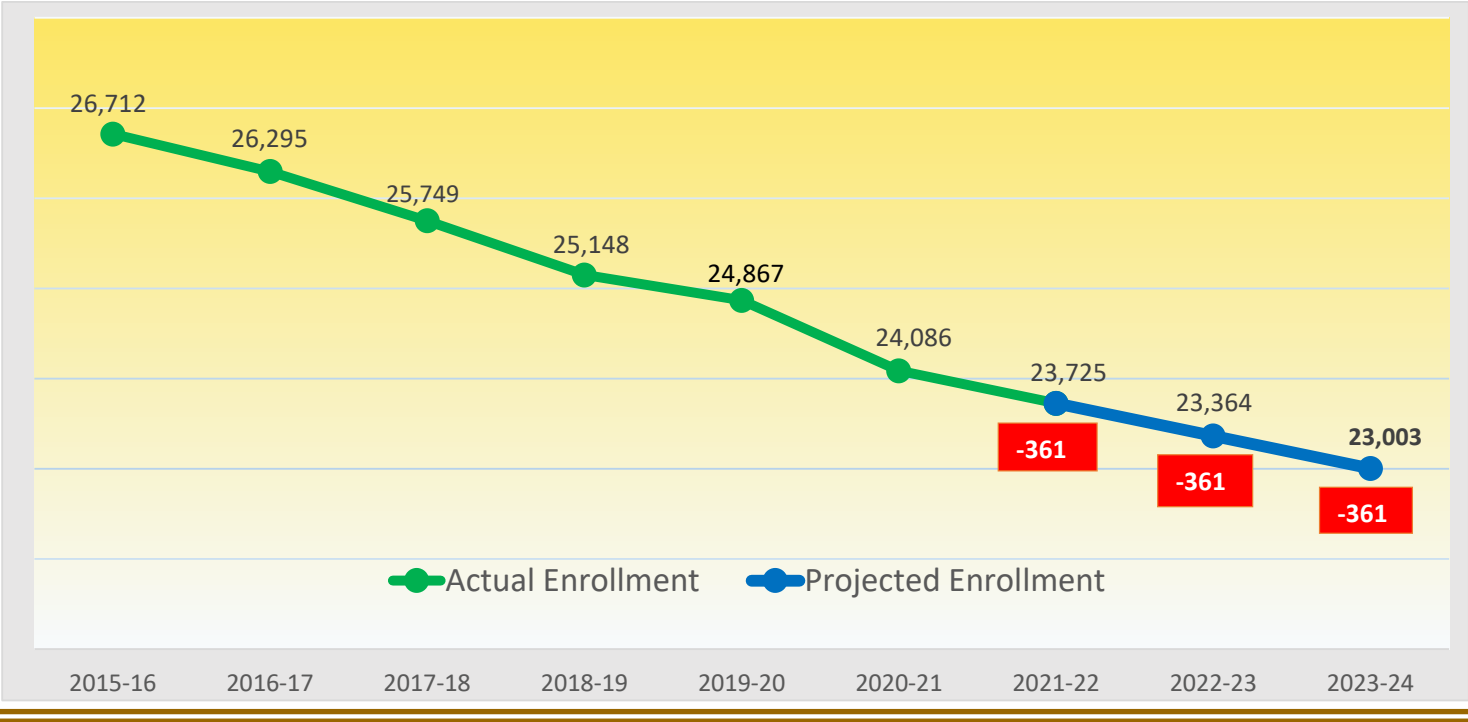
Enrollment projections are revised after the October census day and at each attendance reporting period.

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 \$305K. 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)



Governor's Enacted Budget Act

The Legislature adopts the state's spending plan by June 15 after the Governor's initial May Revise. The Enacted Budget reflects the state spending plan passed by the Legislature and signed by the Governor.

The State Budget includes total funding of \$123.9 billion (\$65.5 billion from the General Fund and \$58.4 billion from other funds) for all K-12 education programs—the highest level of funding in California's history. The Budget includes a package of investments in pre-kindergarten through twelfth-grade education designed to improve outcomes for all young Californians.

- ⇒ **Local Control Funding Formula (LCFF) Funding** - The Budget Act includes higher compounded Cost of Living Adjustments (COLA) of 5.07% for the 2021-22 year.
- ⇒ **Deferrals** – The Budget Act eliminates deferrals to receive funds within the same year.
- ⇒ **After School and Summer Programs** - After School Education and Safety (ASES) Program daily per student rate increases to \$10.18 and expands access to summer learning programs in 2021-22 and 2022-23.
- ⇒ **Universal Transitional Kindergarten (UTK)** – To provide access to free, high-quality, inclusive pre-kindergarten education for all children, the Budget Act includes a series of investments beginning in 2022-23 to incrementally establish universal transitional kindergarten, with full implementation by 2025-26.
- ⇒ **Special Education** - The 2021-22 State Budget increases the Special Education base rate from \$625 to \$715 per ADA and, additionally, will receive 4.05% compounded COLA.
- ⇒ **Unemployment Insurance** – The State Budget has provided relief to the Unemployment Insurance increase from 1.23% at the May Revise to 0.5% in 2021-22 and 2022-23, though this still represents a significant increase in costs above the standard.
- ⇒ **Child Nutrition** - The Child Nutrition fund will receive a one-time base allocation of \$25,000 for infrastructure upgrades and the State extended universal meals to offer free meals to all students this school year. The table below shows the estimated funding for the OUSD:

Programs	Estimated
LCFF funding	\$ 3,575,579
Special Education AB 602	\$ 1,787,399
Kitchen Infrastructure & Training (one-time)	\$ 27,000
After-School Education & Safety	\$ 256,596
Unemployment Insurance (one-time)	\$ 1,301,453
Elementary & Secondary School Emergency Relief Fund (ESSER III) (2021-22 to 2023-24)	\$ 28,095,152
A-G Completion Improvement Grant (one-time through 2025-26)	\$ 1,637,385
CA Pre-K Planning and Implementation Grant (one-time)	\$ 180,788
Expanded Learning Opportunities Program	\$ 4,567,250
Total	\$ 41,428,602

Impact of COVID - 19

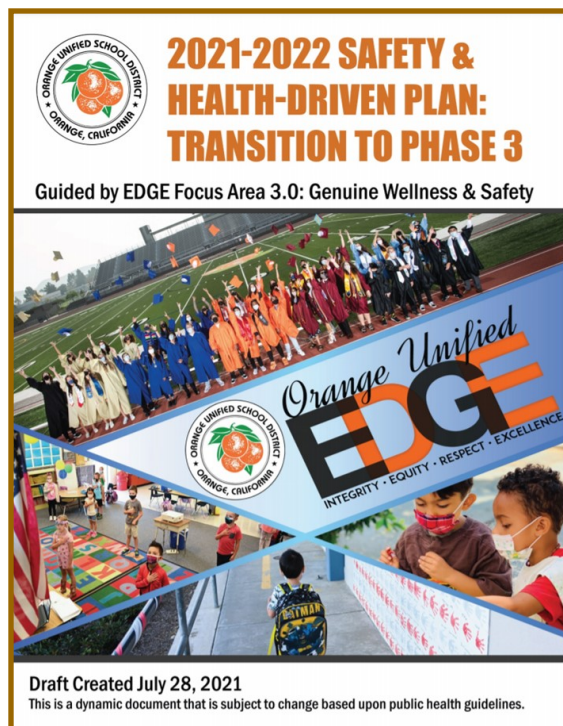
Additional Services and Related Expenditures

The COVID-19 Pandemic has taken over 600,000 lives across the Country and affected all aspects of daily life, with devastating impact to education, and the economy.

On March 13, 2020, Governor Newsom announced that all California schools would be closed to students due to the COVID-19 Pandemic and the increased cases throughout the state. While Orange Unified School District schools and facilities remain closed to students and the public, the District implemented online distance learning and support services, including online school counseling services, grab-and-go nutritional meals, and device distribution and connectivity. School principals continue to respond to parents and students. District staff and teachers are working together to fulfill the State directive to strengthen our delivery of education through online distance learning and support services.

Recently, Tony Thurmond, the State Superintendent of Public Instruction, released a guidebook for the safe reopening of schools called “Stronger Together”. We made adjustments to comply with the guidance provided by the California Department of Education (CDE) and the Centers for Disease Control (CDC) to incorporate best practices that continue to support the health and safety of our students, staff, and community. The Orange Unified School District Leadership Team is engaged in ongoing pandemic planning that includes social distancing measures and school site safety protocols to ensure staff is ready for the reopening of schools to meet the needs of students. The 2021-22 Safety & Health-Driven Plan: Transition to Phase 3 is available online on the Orange Unified School District’s website at [2021-2022 Safety & Health Driven Plan: Transition to Phase 3](#).

The current obstacle for the educational community is not only the fiscal crisis, but additionally challenges to safety and effectively meeting student needs for these services.



Facilities Updates

Facilities Long Range Master Plan

The District's Facilities Master Plan (FMP) was recently completed and approved by the Board of Education on July 22, 2021. Further information may be found at: <https://www.orangeusd.org/departments/facilities-planning/facilitiesmasterplan>

EL MODENA AQUATICS CENTER

Current Status: Under Construction (Locker Room and Pool)



Construction on El Modena High School's Aquatics Center continues at a fast past. Tile is currently being added to the new 30-meter pool. Block construction is nearly complete on the 3,000 square foot locker room/pool equipment building with roof structure installation scheduled to begin in September 2021. The Aquatics Center is on track to open in Spring 2022. The project is being paid for by the District's special capital outlay reserve fund which is funded by the sale of surplus property.

HIGH SCHOOL LOCKER ROOM RESTROOMS

Current Status: Grading/Restroom Prep at Canyon and Villa Park High Schools

As a final part of a three phase \$15 million project, funded also by capital outlay funds, Canyon, Orange and Villa Park High Schools' locker room restrooms are currently being renovated and brought to current code. The projects will be the final piece to obtain full Division of the State Architect (DSA) approval for the District's three synthetic tracks and fields constructed in 2018 and ADA improvements (including new walkways, access ramps, and parking lot adjustments) done in 2019. Each field is currently holding practices and lower division athletic contests.



Measure S Update

At the November 8, 2016, Election, Voters approved Measure S – OUSD General Obligation Bond Measure.

Measure S will provide \$288 million in locally controlled funds to repair and upgrade OUSD'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. The Phase I projects, featuring four new state-of-the-art Science Center projects, are currently under construction.

All Phase II projects are currently in review by the Division of the State Architect. 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 on July 25, 2019.

Presentations and updated program information can be found at:

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

Phase 1 Construction Completion:

- ◇ COMPLETED AND OPEN! - Orange HS Science Center
- ◇ 2022 - El Modena HS Science Center
- ◇ 2022 - Villa Park HS Science Center
- ◇ 2022 - Canyon HS Science Center

Citizens' Oversight Committee (COC) has held four meetings per year since May 2017 and delivered its fourth annual report to the Board of Education on March 11, 2021. The seven-member committee acts independently from the Board of Education to promote transparency and provide assurance to the District taxpayers.

Construction Updates:



Board of Education

Kathryn Moffat
President

Andrea Yamasaki
Vice President

Kris Erickson
Clerk

John Ortega
Member

Ana Page
Member

Rick Ledesma
Member

Angie Rumsey
Member

Administration
Gunn Marie Hansen, Ph. D.
Superintendent of Schools

David A. Rivera
Assistant Superintendent/CBO
Business Services

Cathleen Corella
Assistant Superintendent
Educational Services

Ernest Gonzalez
Assistant Superintendent
Human Resources



For More Information

Contact:



Business Services
(714) 628-4479
www.orangeusd.org