



# ORANGE UNIFIED SCHOOL DISTRICT 2018-2019 SECOND INTERIM REPORT



**David A. Rivera**

*Assistant Superintendent, Business Services/CBO*

**March 14, 2019**

# Presentation Overview



-  **Budgetary Building Blocks**
-  **Enrollment Projections**
-  **Rising Cost of Doing Business**
-  **Multi-Year Projections**
-  **Multi-Year Projections: Budget Target**
-  **Next Steps**

# Budgetary Building Blocks

## Revenues:

- **Local Control Funding Formula**

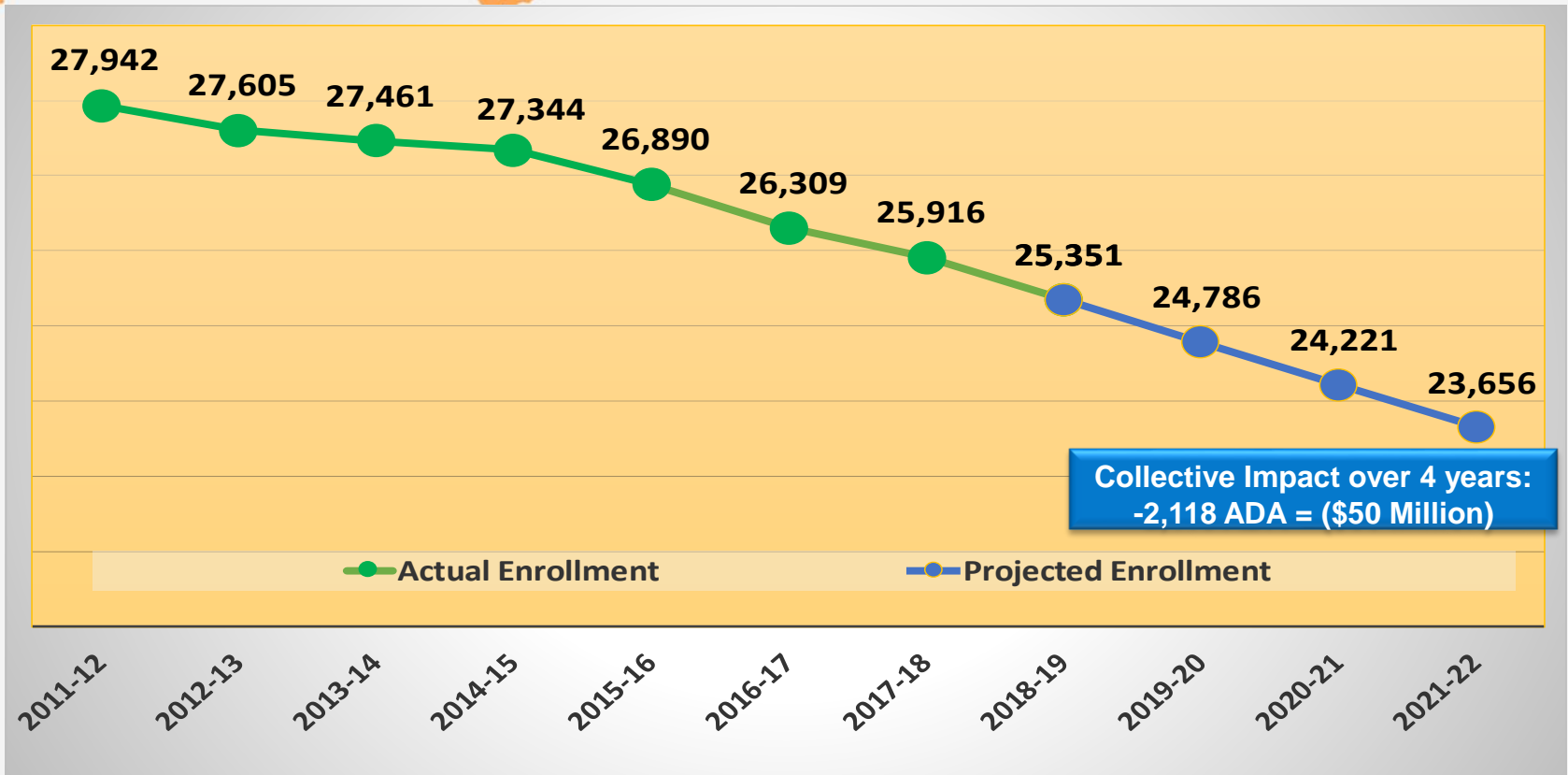
- Annual decline in enrollment & ADA
  - 565 students per year for each of the next three years
  - Attendance Rate: 96.04%
  - Unduplicated Pupil Percentage: 51.26%

- **Governor Newsom's Budget Proposal for 2019-20:**

- COLA @ 3.46%
- Reduce STRS Contribution Levels
- Special Education On-going & One-Time Funding (Not Budgeted)



# Enrollment Projections



# Budgetary Building Blocks

## Expenditures:

- Step and Column Increases:

- Certificated & Leadership 1.2%
- Classified 2%

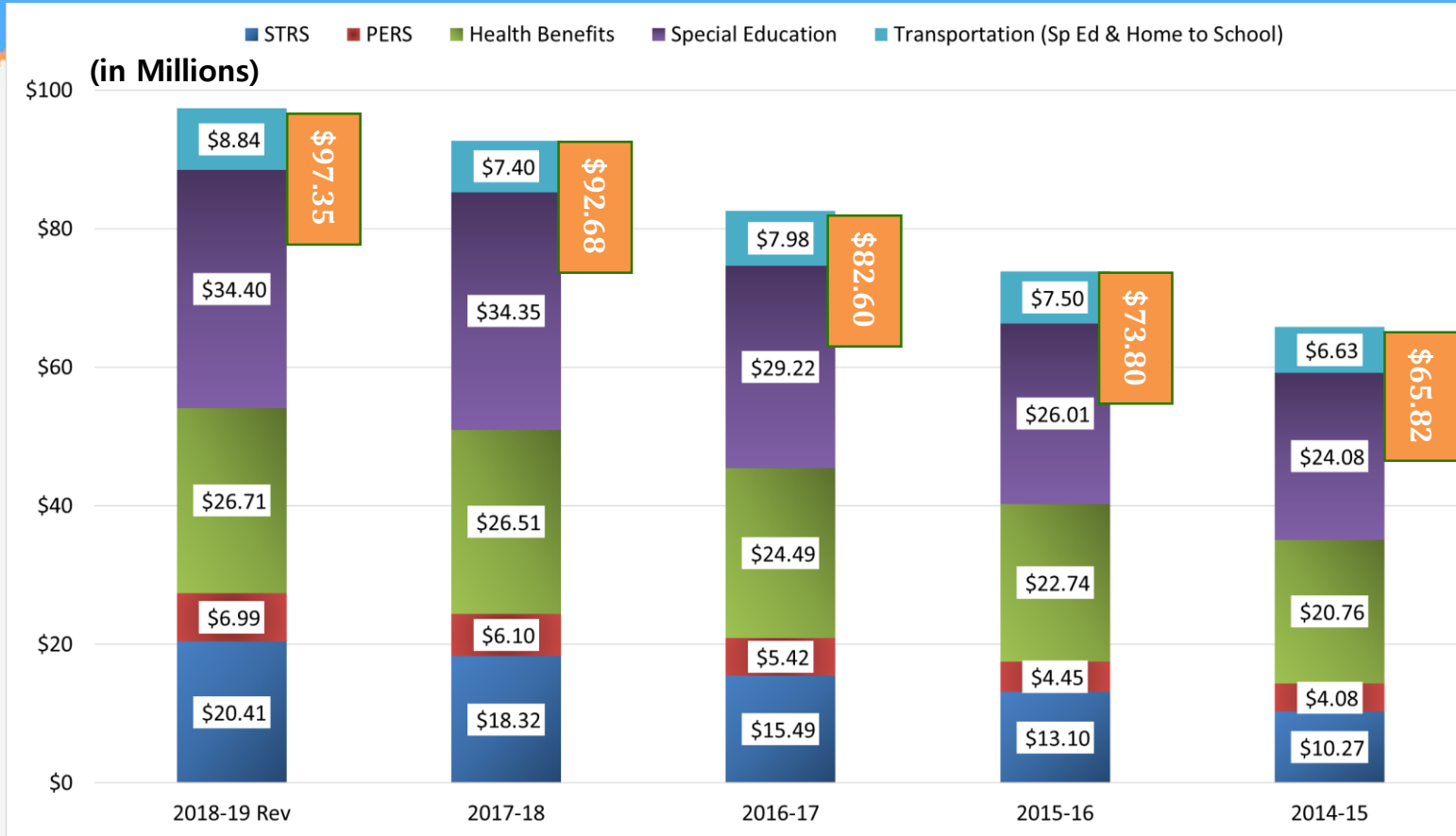
- Increases in STRS and PERS employer contribution rates

	2018-19	2019-20	2020-21	2021-22
CalSTRS	16.28%	18.13%	19.10%	18.60%
Proposed by Gov. Newsom		17.13%	18.10%	18.10%
CalPERS	18.10%	20.70%	23.40%	24.50%

- Reflect changes actuals vs budgeted salaries



# Rising Cost of Doing Business



# Multi-Year Projections



	2018-19	2019-20	2020-21	2021-22
<b>TOTAL REVENUES</b>	298,795,502	291,647,891	292,314,964	293,160,166
<b>TOTAL EXPENDITURES</b>	298,633,214	302,076,171	300,649,213	301,075,637
<b>DECREASE IN FUND BALANCE</b> ➔	<b>162,288</b>	<b>(10,428,280)</b>	<b>(8,334,249)</b>	<b>(7,915,471)</b>
BEGINNING BALANCE	59,015,960	59,178,248	48,749,968	40,415,719
<b>PROJECTED ENDING BALANCE</b>	<b>59,178,248</b>	<b>48,749,968</b>	<b>40,415,719</b>	<b>32,500,248</b>
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and One-Time Mandated Funds Reserve	(4,783,638)	(4,783,638)	(4,783,638)	(4,783,638)
Reserve for STRS and PERS Increases	(5,076,247)	(3,147,727)	(944,969)	(550,771)
3% State Required Contingency	(8,958,996)	(9,062,285)	(9,019,476)	(9,032,269)
<b>Unappropriated Fund Balance Above 3%</b>	<b>40,359,367</b>	<b>31,756,318</b>	<b>25,667,636</b>	<b>18,133,570</b>

Structural Deficit Spending requires a Budget Stabilization Plan

# Budget Stabilization Plan



## Plan Components

- Revenue Enhancements
- Expenditure Reduction
- Increased Operational Efficiencies
- Avoidable Costs
- Utilization of Reserve Levels
- Funding Shifts



Item #	Level	PROPOSED BUDGET STABILIZATION PLAN	2019-20	2020-21	2021-22
<b>Revenue Enhancements</b>					
1	1	Governor's Proposed Budget Additional Revenues	1,813,849	2,223,347	1,210,402
		<b>Subtotal</b>	<b>1,813,849</b>	<b>16%</b>	<b>2,223,347</b>
<b>Increased Operational Efficiencies</b>					
2	1	Governor's Proposed Pension Reduction	1,308,164	1,285,158	1,300,304
3	2	Reduce Projected Special Education Contribution Levels	1,350,000	1,350,000	1,350,000
4	1	Reduce Workers Compensation Payroll Tax	885,167	893,500	899,417
5	2	School Site Carry-Over	300,000		
6	2	Transportation (Program Contributions)	0	735,000	735,000
7	1	Solar Projects (Utility Savings)	150,000	150,000	150,000
8	2	Business Services Operational Efficiencies	0	120,000	240,000
		<b>Subtotal</b>	<b>3,993,331</b>	<b>35%</b>	<b>4,533,658</b>
<b>Expenditure Reductions</b>					
9	2	Staffing Policies (3 Assistant Principals - Elementary and 2 Coordinators)	850,090	856,010	856,010
		Certificated Expenditure Reductions (Outside the Classroom)	2,245,078	2,831,686	2,831,304
10	2	Attrition: 2 Psychologist, 2 Nurse, and 2 Teacher on Special Assignment positions			
		Shift to Categorical Funds: 8 Counselor positions			
		Reductions: 7 Instructional Specialist (2019-20) and 5 Librarian Positions (2020-21)			
11	1	Conferences and Travel Expenses	88,000	88,000	88,000
		<b>Subtotal</b>	<b>3,183,168</b>	<b>28%</b>	<b>3,775,696</b>
<b>Avoidable Costs</b>					
12	2	Reduction of Debt Service Liabilities (OPEB Bonds)	2,400,000	2,300,000	3,100,000
		<b>Subtotal</b>	<b>2,400,000</b>	<b>21%</b>	<b>3,100,000</b>
<b>Total Budget Stabilization Plan</b>			<b>11,390,348</b>	<b>12,832,701</b>	<b>12,760,437</b>
13	2	<b>Funding Shifts from Unrestricted to Restricted Funds</b>	<b>1,904,348</b>	<b>1,918,133</b>	<b>1,918,448</b>
<b>Legends:</b>	1	Administrative Funding Adjustments			
	2	Board of Education Funding Adjustments			



# Multi-Year Projections: Budget Target



	2018-19	2019-20	2020-21	2021-22
<b>TOTAL REVENUES</b>	298,795,502	291,647,891	292,314,964	293,160,166
<b>TOTAL EXPENDITURES</b>	298,633,214	302,076,171	300,649,213	301,075,637
<i>Budget Stabilization Plan</i>		(8,268,335)	(9,324,196)	(10,249,731)
<b>TOTAL EXPENDITURES AS ADJUSTED</b>	298,633,214	293,807,836	291,325,017	290,825,906
<b>DECREASE IN FUND BALANCE →</b>	162,288	(2,159,945)	989,947	2,334,260
<b>BEGINNING BALANCE</b>	59,015,960	59,178,248	57,018,303	58,008,250
<b>PROJECTED ENDING BALANCE</b>	59,178,248	57,018,303	58,008,250	60,342,510
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and One-Time Mandated Funds Reserve	(4,783,638)	(4,783,638)	(4,783,638)	(4,783,638)
Reserve for STRS and PERS Increases	(5,076,247)	(3,147,727)	(944,969)	(550,771)
3% State Required Contingency	(8,958,996)	(8,814,235)	(8,739,751)	(8,724,777)
<b>Unappropriated Fund Balance Above 3%</b>	40,359,367	40,272,703	43,539,892	46,283,324

# Next Steps

## Local level

- On-going: District Staff continues to explore budget reduction proposals
  - Revenue Enhancements
  - Operational Efficiencies and other Budget Reductions
- Submit Interim Report to Orange Department of Education for authorization

## State level

- Governor's May Revision



# Questions



David A. Rivera  
Assistant Superintendent  
Business Services/CBO

