

Orange Unified School District

A 3D maze graphic with a path leading to a circular exit at the top right. The maze is composed of dark gray walls and light gray paths, set against a black background.

January 18, 2018

Governor's Proposals for the 2018-19
State Budget and K-12 Education

Budget Calendar

- ▣ June 8, 2017 - Board of Trustees Adopts Proposed 2017-18 Budget
- ▣ June 30, 2017 – State Adoption of Budget
- ▣ September 14, 2017 – 2016-17 Unaudited Actuals & 2017-18 Revised Budget
- ▣ December 7, 2017 – 2017-18 First Interim Report to Board for Approval
 - ✓ January 2018 – Governor’s Projected Budget for 2018-19 Released
- ▣ March 8, 2018 – 2017-18 Second Interim Report to Board for Approval
- ▣ May 2018 - Governor’s “May Revise”

Education Funding

- ▣ Proposition 98 Funding of \$78.3 Billion
 - An average increase of \$465 per pupil (supplemental/concentration and base) over the level provided in 2017-18
 - District's Increase to Base \$289.60 per pupil
- ▣ Full Funding of The Local Control Funding Formula- Two Years Ahead of the Initial Implementation Timeline
- ▣ District's Target Funding has Dropped \$4.2 Million Since 2012-13
- ▣ Funding of 2.51% COLA Including:
 - Special Education
 - Child Nutrition
 - Preschool

Education Funding(con't)

- ▣ One Time Discretionary Funds of \$295 per ADA
- ▣ Career-Technical Education Funding
 - K-12 component of community college funding “Strong Workforce Program”
 - Local industry experts to provide technical support
 - No Continuation of the CTEIG Program Funding- 100% Funded from District Funds
- ▣ Special Education
 - Funding for SELPAs to work with COEs to provide technical assistance
 - Provide one-time funding and Temporary Assistance for Needy Families funds to create the “Inclusive Early Education Expansion Program”
 - ▣ Children 0-5 school readiness and long term academic outcomes for low-income children and children with exceptional needs
 - Teacher Workforce Development – One-Time Funding
 - ▣ One Year intensive mentored, coaching, clinical teacher preparation programs
 - ▣ One Time funding to provide competitive grants to support local needs for innovation

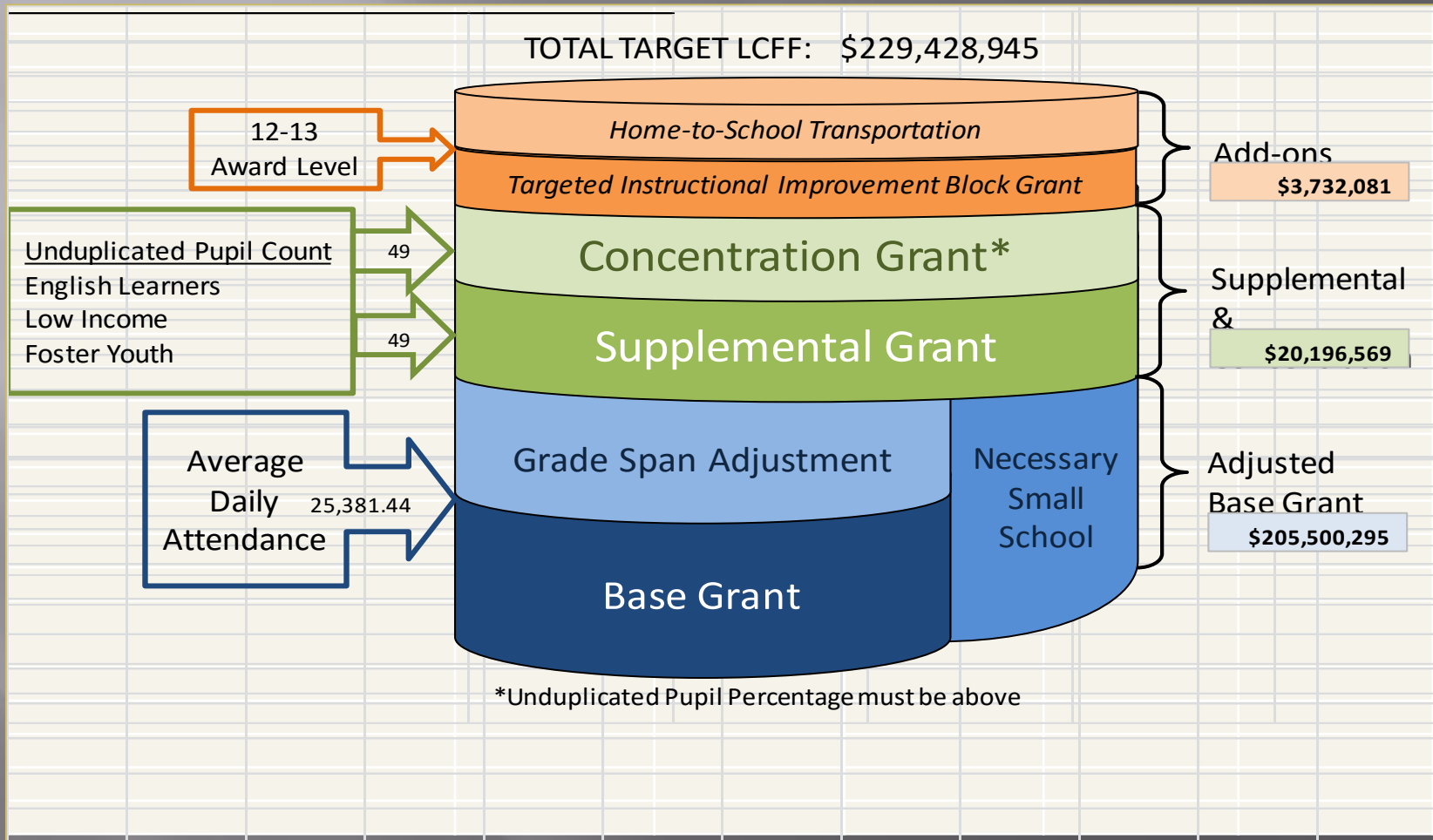
Education Funding(con't)

- ▣ Childcare and Preschool
 - Increase the Standard Reimbursement Rate by 2.8%- \$47.88
 - Provide ongoing money to convert the temporary Regional Market Rate to a permanent rate beginning in 2019-20
 - Fund an additional 2,959 full-day State Preschool slots
- ▣ School Facilities
 - Approve \$640 million to fund Proposition 51 bond applications
 - OPSC is processing applications in preparation for distribution of funding
 - New Facilities expenditure auditing requirements in the Annual Audit
- ▣ Invests \$70 Million in Ongoing Funds to Continue Implementation of State System of Support Designed for Targeted District Support from COES and California Collaborative for Educational Excellence

What was Left Out ?

- ▣ No COLA
 - Transportation
- ▣ Expenses Outpace 2.51% COLA
- ▣ No Increase in Base in 2019-20, or 2020-21 to Cover Ongoing Operating Expenses in Excess of COLA
 - STRS and PERS
 - Special Ed
 - Utilities, etc.
- ▣ 2017-18 Decline in Enrollment 2.28%

Projected District Final Funding



PROPOSED INCREASES TO LCFF ENTITLEMENTS

| | |
|-----------------------------------|-------------|
| Base Grant | \$7,187,331 |
| Supplemental Grant | \$ 71,782 |
| CTE Grade Span Adj. | \$ 83,150 |
| Additional 2017-18 vs. 2018-19 | \$7,342,263 |

Budgetary Building Blocks

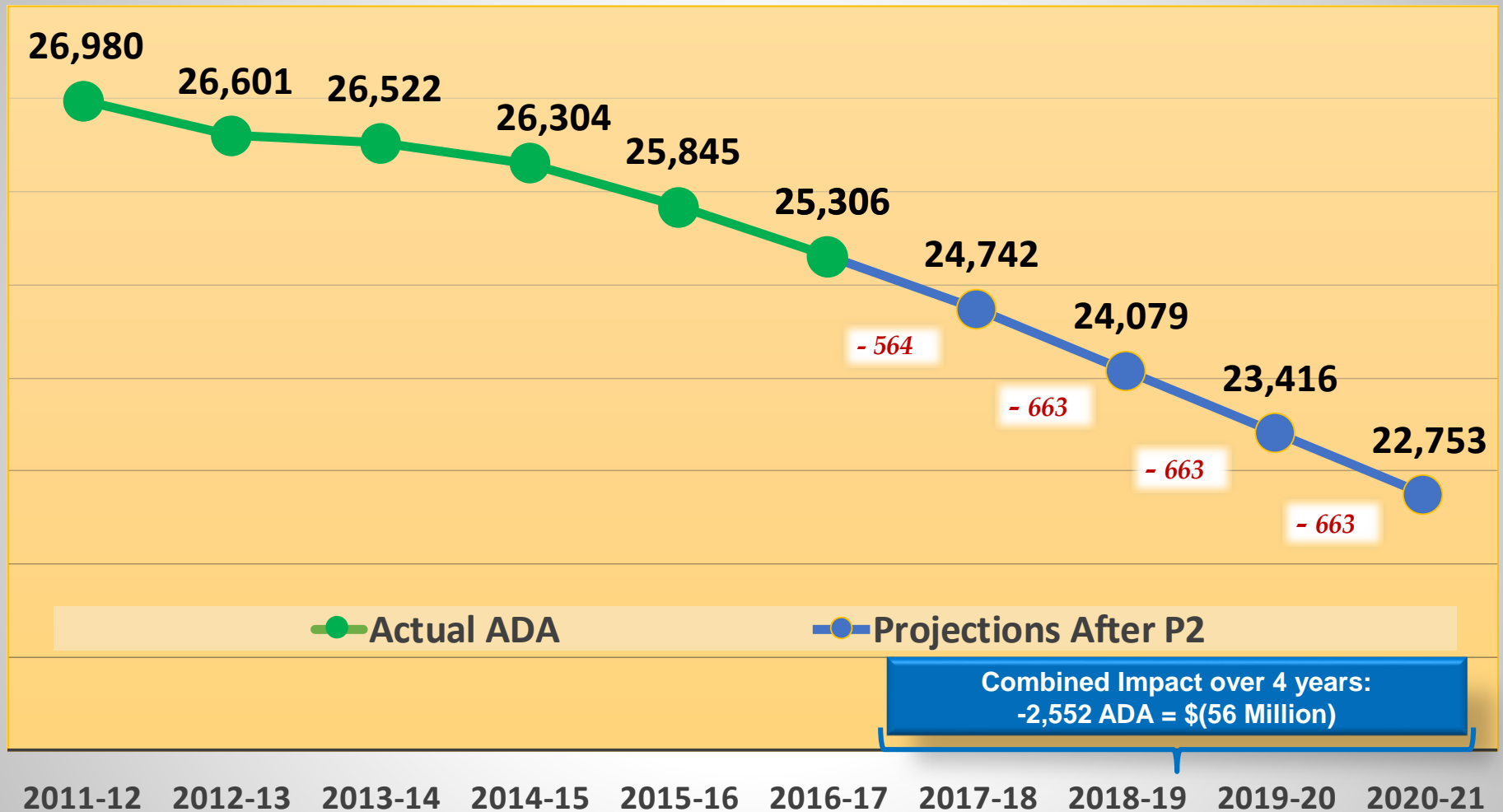
☐ Revenues:

- Local Control Funding Formula
- Annual decline in enrollment & ADA

| ADA | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-------------------------|---------|---------|---------|---------|
| September Budget | 526 | 520 | 520 | 520 |
| 1 st Interim | 563 | 663 | 663 | 663 |

- Attendance Rate: 96.2%
- Unduplicated Pupil Percentage: 49.1%

Historical Average Daily Attendance & Projections



Statewide Averages for Reserve Levels

2015-16 Average Unrestricted General Fund Plus Fund 17 Net Ending Balances as a Percentage of Total General Fund Expense, Transfers, and Other Uses

| | |
|-----------------------|--------|
| Elementary Districts | 21.54% |
| High School Districts | 17.19% |
| Unified Districts | 16.45% |

- ▣ CSBA, CASBO and CDE have suggested a reserve of 16.67%
 - Two months of expenditures

Planning Ahead

- ▣ The Governor's Budget Proposal Provides Additional Funding for LCAP but not Proportionally for All Districts or Programs
 - LEAs must be prepared to make decisions based on Local Factors:
 - LCAP process
 - Enrollment
 - Reserve levels
 - Local Priorities
 - Enrollment Forecasts and budgets are starting to be developed for next fiscal year
 - Special Education has expanded the inclusion program
 - Discussions have centered around providing additional High-Quality innovative instructional programs
 - Additional CTE/STEM Pathways are being planned
 - It will be important to have flexible plans in place, as change is inevitable
 - Additional accountability on use of Supplemental/Concentration Funds

Next Steps

- ▣ 2018-19 Budget and LCAP Public Hearing on May 24, 2018
- ▣ “May Revise” will contain the actual assumptions which must support 2017-18 budget
- ▣ Balanced budget and LCAP must be adopted by district prior to June 30, 2018
 - We will not know the level of funding until State Adopts their budget
- ▣ Once the State Budget is adopted, the district makes adjustments to its budget



Questions?