



# 2019-20 PROPOSED BUDGET

ORANGE UNIFIED SCHOOL DISTRICT

May 23, 2019

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# Presentation Overview



**Budgetary Building Blocks**



**LCFF Budget Overview for Parents**



**Multi-Year Projections**



**Budget Stabilization Plan**



**Rising Cost of Doing Business**



**May Revise and Next Steps**

# Budgetary Building Blocks

## Revenues:

### ■ Local Control Funding Formula

- Annual decline in enrollment
  - 586 students per year for each of the next three years
  - Attendance Rate: 96%
  - Unduplicated Pupil Percentage: 52.27%

### ■ January's Proposed Budget for 2019-20:

- COLA @ 3.46%
- Reduce STRS (State Teachers' Retirement System) Employer Contribution Levels
- Special Education On-going & One-Time Funding (Not Budgeted)

# Budgetary Building Blocks

## Expenditures:

- Outcome of Collective Bargaining Agreements approved in April and May
- Step and Column Increases:
  - Certificated & Leadership 1.2%
  - Classified 2%
- Increases in STRS and PERS (Public Employees Retirement System) employer contribution rates

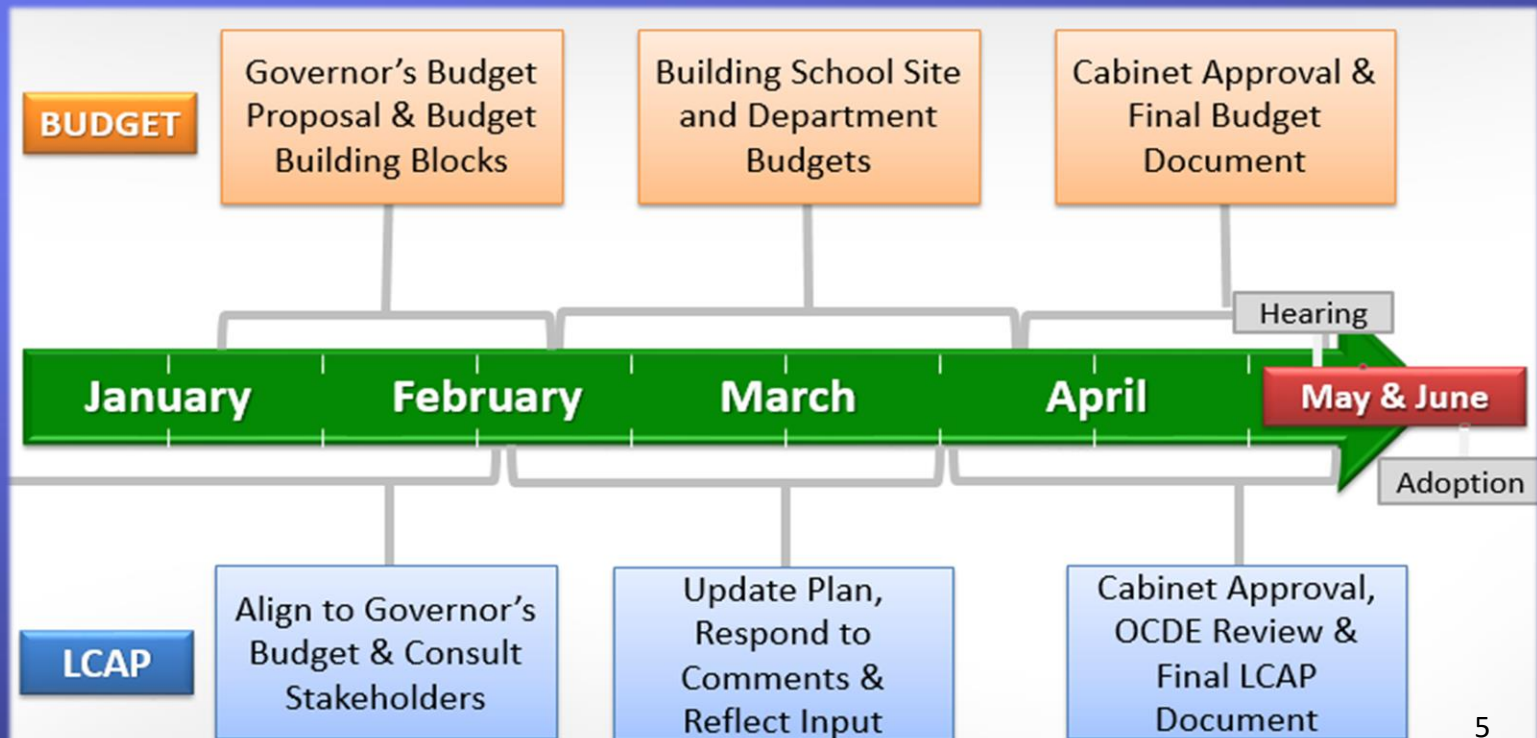
	2018-19	2019-20	2020-21	2021-22
CalSTRS	16.28%	<del>18.13%</del>	<del>19.10%</del>	<del>18.60%</del>
Proposed by Gov. Newsom		17.13%	18.10%	18.10%
CalPERS	18.10%	20.70%	23.40%	24.50%

- Reflect components of Budget Stabilization Plan approved on March 14, 2019
- Incorporate historical trends to project expenditures with more accuracy



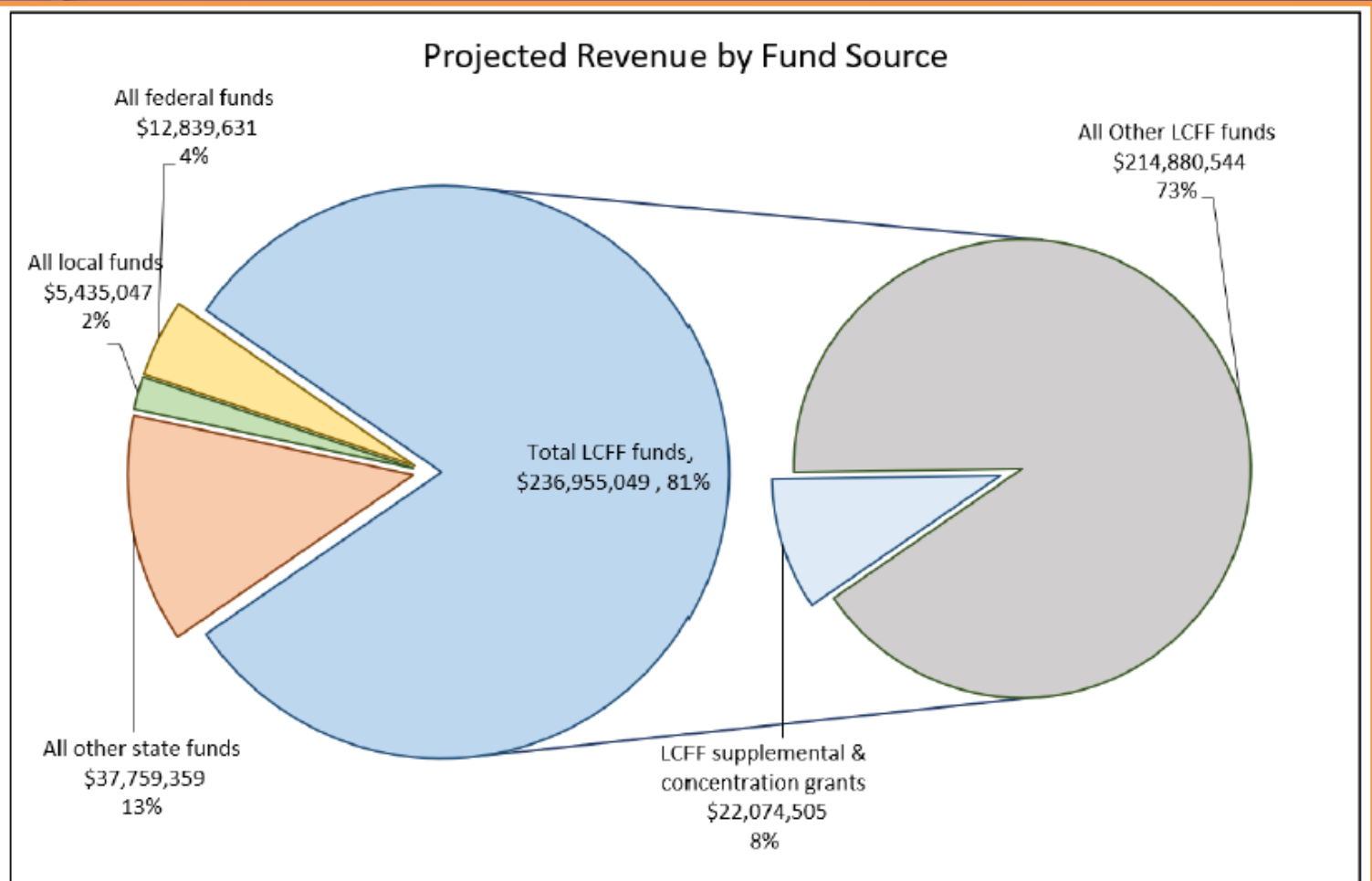
# Local Control Funding Formula (LCFF) Budget Overview for Parents

- New component of the Local Control and Accountability Plan
- Adopted in December 2018 and released in January 2019
- To provide fiscal transparency for stakeholders
- Develop in conjunction with and attached as a cover to the LCAP



# LCFF Budget Overview for Parents

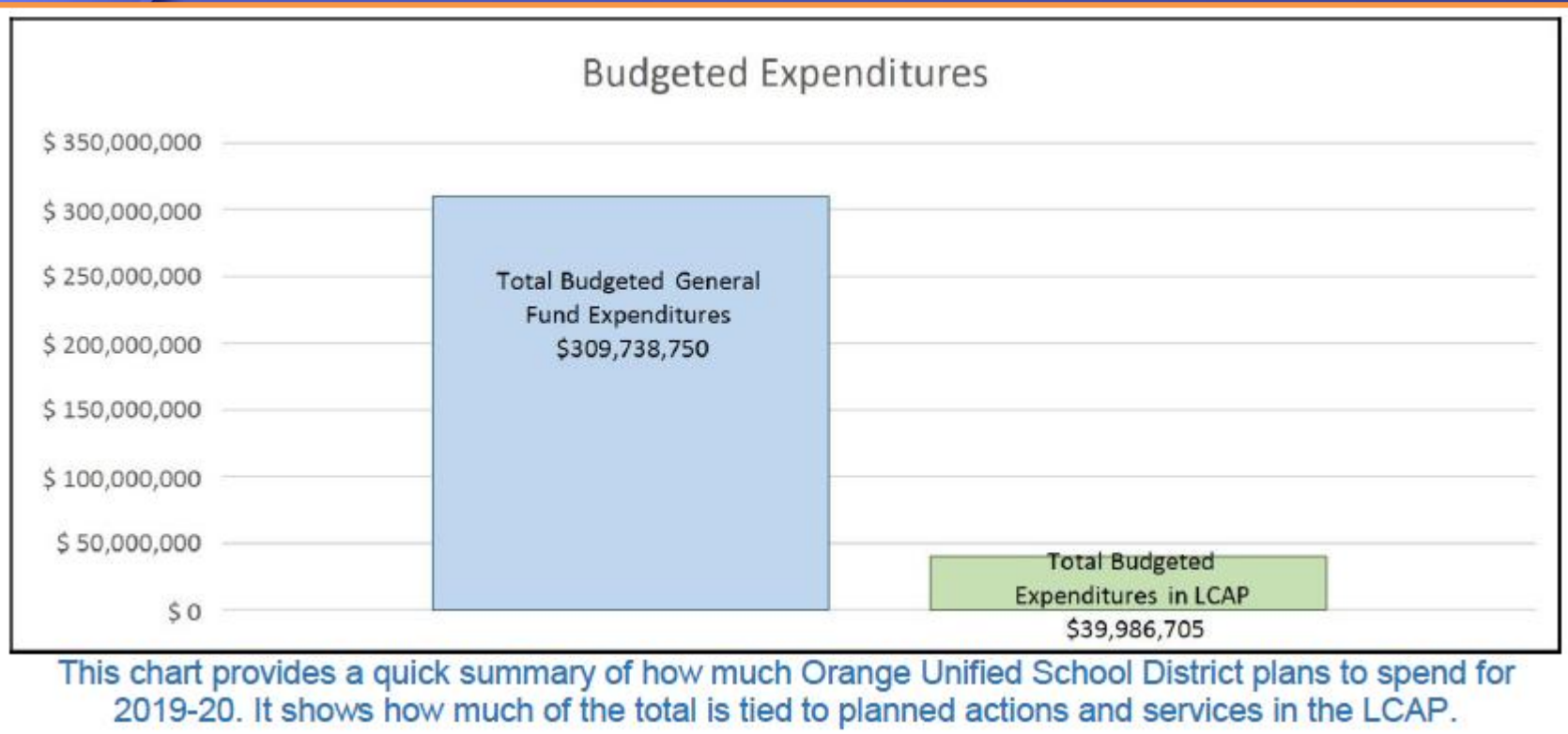
## Revenues 2019-2020



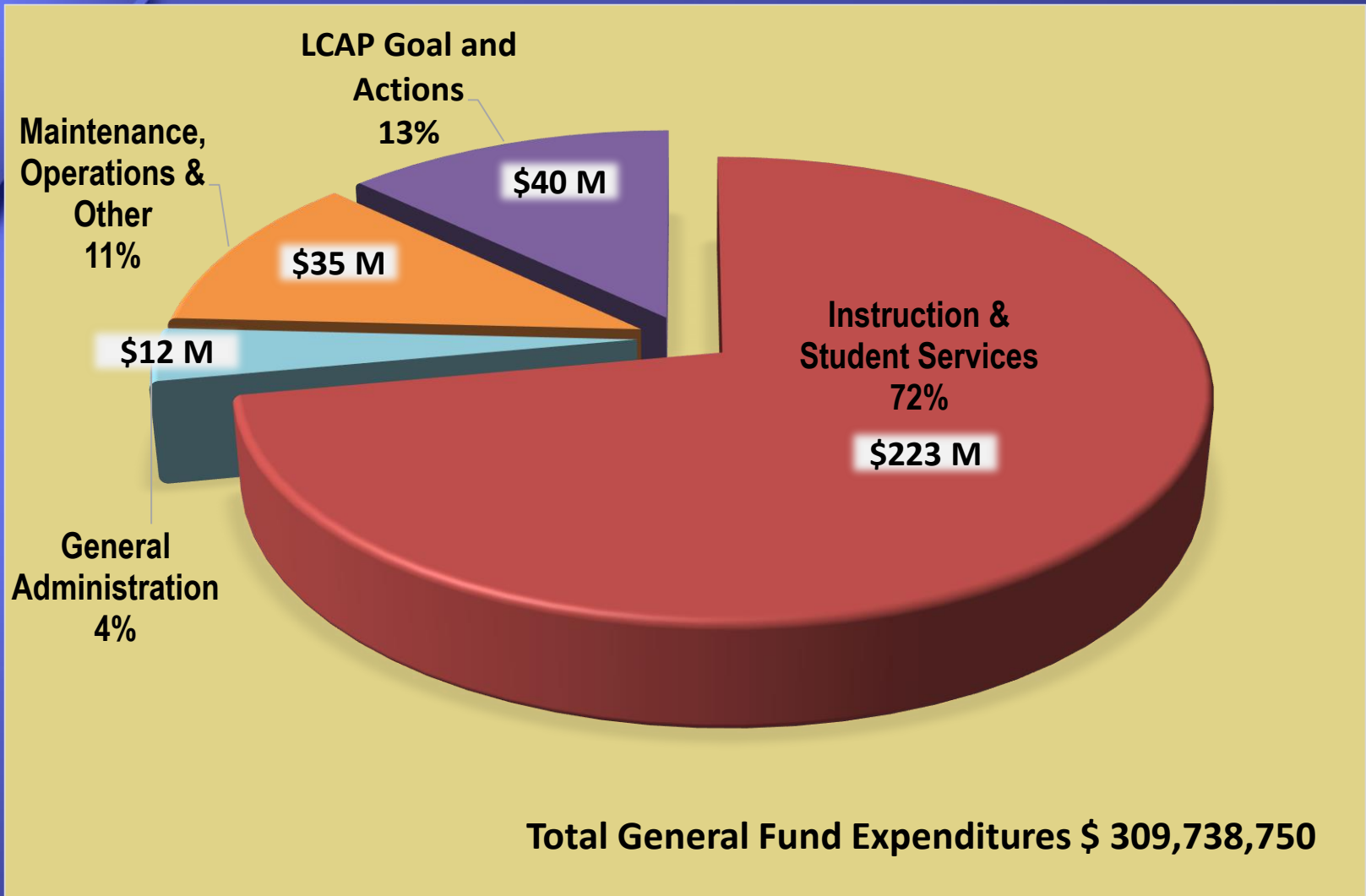
This chart shows the total general purpose revenue Orange Unified School District expects to receive in the coming year from all sources.

# LCFF Budget Overview for Parents

## Expenditures 2019-2020



# LCFF Budget Overview for Parents Expenditures 2019-2020





A blurred image of graduation caps and gowns in blue and gold colors, positioned at the top of the slide.


# **Multi-Year Projections and Budget Stabilization Plan**

# Budget Stabilization Plan

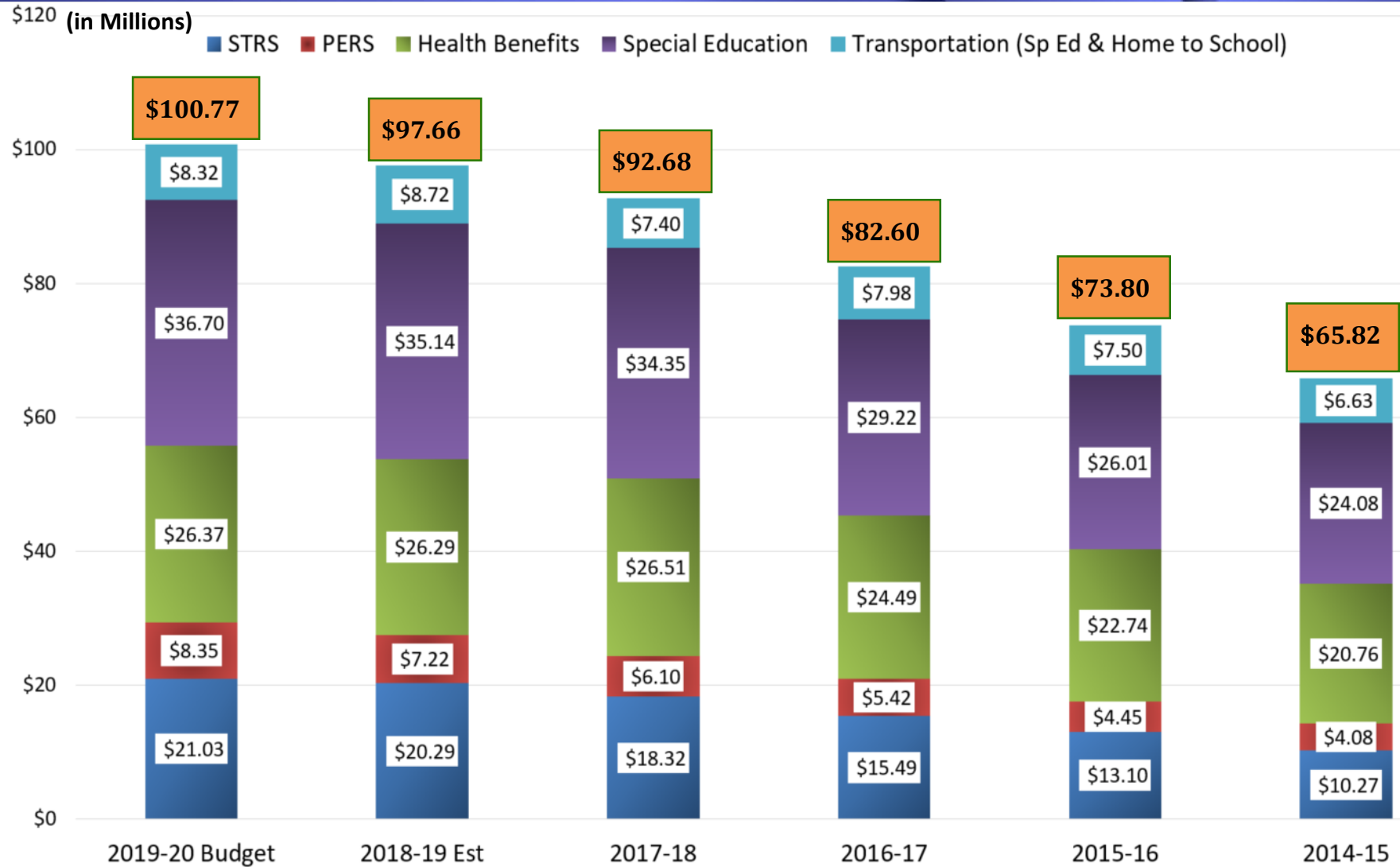
Item #	Status	Level	PROPOSED BUDGET STABILIZATION PLAN	2019-20	2020-21	2021-22
Revenue Enhancements						
1	✓	1	Governor's Proposed Budget Additional Revenues	1,813,849	2,223,347	1,210,402
Subtotal				1,813,849	16%	2,223,347
Increased Operational Efficiencies						
2	✓	1	Governor's Proposed Pension Reduction	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	P	1	Solar Projects (Utility Savings)	150,000	150,000	150,000
8		2	Business Services Operational Efficiencies	0	120,000	240,000
Subtotal				3,993,331	35%	4,533,658
Expenditure Reductions						
9	✓	1	Implement Staffing Formula Policies (3 Assistant Principals - Elementary)	482,320	485,668	485,668
10	✓	1	1 Coordinator Position - shift to Categorical Fund	193,032	194,389	194,389
11	✓	2	1 Coordinator Position Reduction	174,738	175,953	175,953
12	P	1 & 2	Certificated Support Position Reductions (Outside the Classroom)	2,245,078	2,831,686	2,831,304
			Attrition: 2 Psychologist and 2 Nurse Positions			
			Shift to Categorical Funds: 8 Counselor positions			
			Reductions: 2 Teacher on Special Assignment positions and 7 Instructional Specialist (2019-20) and 5 Librarian Positions (2020-21)			
13	✓	1	Conferences and Travel Expenses	88,000	88,000	88,000
Subtotal				3,183,168	28%	3,775,696
Avoidable Costs						
14		2	Reduction of Debt Service Liabilities (OPEB Bonds)	2,400,000	2,300,000	3,100,000
Subtotal				2,400,000	21%	2,300,000
Total Budget Stabilization Plan				11,390,348		12,760,437
15	✓	2	Funding Shifts from Unrestricted to Restricted Funds	1,904,348	1,918,133	1,918,448
Legends:						
		1	Administrative Funding Adjustments			
		2	Board of Education Funding Adjustments			
	✓		Implemented			
	P		In Progress			

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# Multi-Year Projections

	2018-19	2019-20	2020-21	2021-22
<b>TOTAL REVENUES</b>	298,515,203	292,989,086	294,076,507	295,075,879
<b>TOTAL EXPENDITURES</b>	298,579,492	314,493,832	308,755,246	309,212,974
<i>Budget Stabilization Plan</i>	(4,215,517)	(4,755,082)	(4,276,138)	(4,282,055)
<b>TOTAL EXPENDITURES AS ADJUSTED</b>	294,363,975	309,738,750	304,479,108	304,930,919
<b>DECREASE IN FUND BALANCE</b> 	4,151,228	(16,749,664)	(10,402,601)	(9,855,040)
<b>BEGINNING BALANCE</b>	59,015,960	63,167,188	46,417,524	36,014,923
<b>PROJECTED ENDING BALANCE</b>	63,167,188	46,417,524	36,014,923	26,159,883
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and One-Time Mandated Funds Reserve	(9,427,766)	(4,783,638)	(4,783,638)	(4,783,638)
Reserve for STRS and PERS Increases	(5,359,877)	(3,517,745)	(1,292,489)	(797,735)
3% State Required Contingency	(8,830,919)	(9,292,163)	(9,134,373)	(9,147,928)
<b>Unappropriated Fund Balance Above 3%</b>	<b>39,548,626</b>	<b>28,823,978</b>	<b>20,804,423</b>	<b>11,430,582</b>

# Rising Cost of Doing Business



# Local Control Funding Formula Model

## ❖ Current Model negates the District from receiving Concentration Funds

- 2,894 students qualify
- Fiscal Impact > \$11 million

OUSD is still held to the same standards of accountability as those districts receiving concentration grant funds

## ❖ Orange Unified is a very diverse District

- District Average 52.01% (UPP)
  - Excludes 2 Charter Schools
- 20 Sites < 55% (Avg. 30.87%)
- 19 Sites > 55% (Avg. 83.85%)
  - 2 Sites > 60%
  - 4 Sites > 70%
  - 7 Sites > 80%
  - 6 Sites > 90%



# Governor's May Revise for 2019-20

- The 2019-20 Cost-of-Living Adjustment slightly decreases from January's projection 3.46% to 2.26%, but increases the subsequent year

COLA	2019-20	2020-21	2021-22
January	3.46%	2.86%	2.92%
May	3.26%	3.00%	2.80%

- One-time funding to reduce pension liabilities for STRS  
(State Teachers Retirement System)

CalSTRS	2019-20	2020-21	2021-22
January	17.13%	18.10%	18.10%
May	<b>16.70%</b>	18.10%	18.10%

- The Special Education Program Grant Funding increases from \$576 million in January to \$696 million
  - Only districts with unduplicated pupil count over 55% are eligible

# Next Steps

## State Level

- May Proposed Budget moves forward to the Legislature
- State Budget is enacted by June 30, 2019

## Local Level

- Board Adopt 2019-20 Proposed District Budget at the June 6, 2019 Meeting
- Submit budget documents to the Orange County Department of Education for authorization
- Adopt 2018-19 Unaudited Actuals and 2019-20 Revised Budget on September 12, 2019