



Orange Unified School District

2021-22 PROPOSED BUDGET

MAY 20, 2021







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For additional Budget Reports and information, visit our website: <http://www.orangeusd.org/budget/budget.update>

PRESENTATION OVERVIEW

	Economic Outlook
	Fiscal Impact to Orange Unified
	What's in the Budget?
	Multi-Year Projections and Scenarios
	Governor's May Revision to Education Budget
	Next Steps

ECONOMIC OUTLOOK ³

National Economy

- The COVID-19 pandemic has shut down economies around the world in the spring of 2020, but the economy continues to recover
- Gross Domestic Product (GDP)* increased by an annual rate of 6.4% in the first quarter of 2021
- Economy Growth
 - Personal consumption expenditures
 - Residential Real Estate Market
 - Fixed investment
 - State and Local Government Spending
 - Stimulus Funding

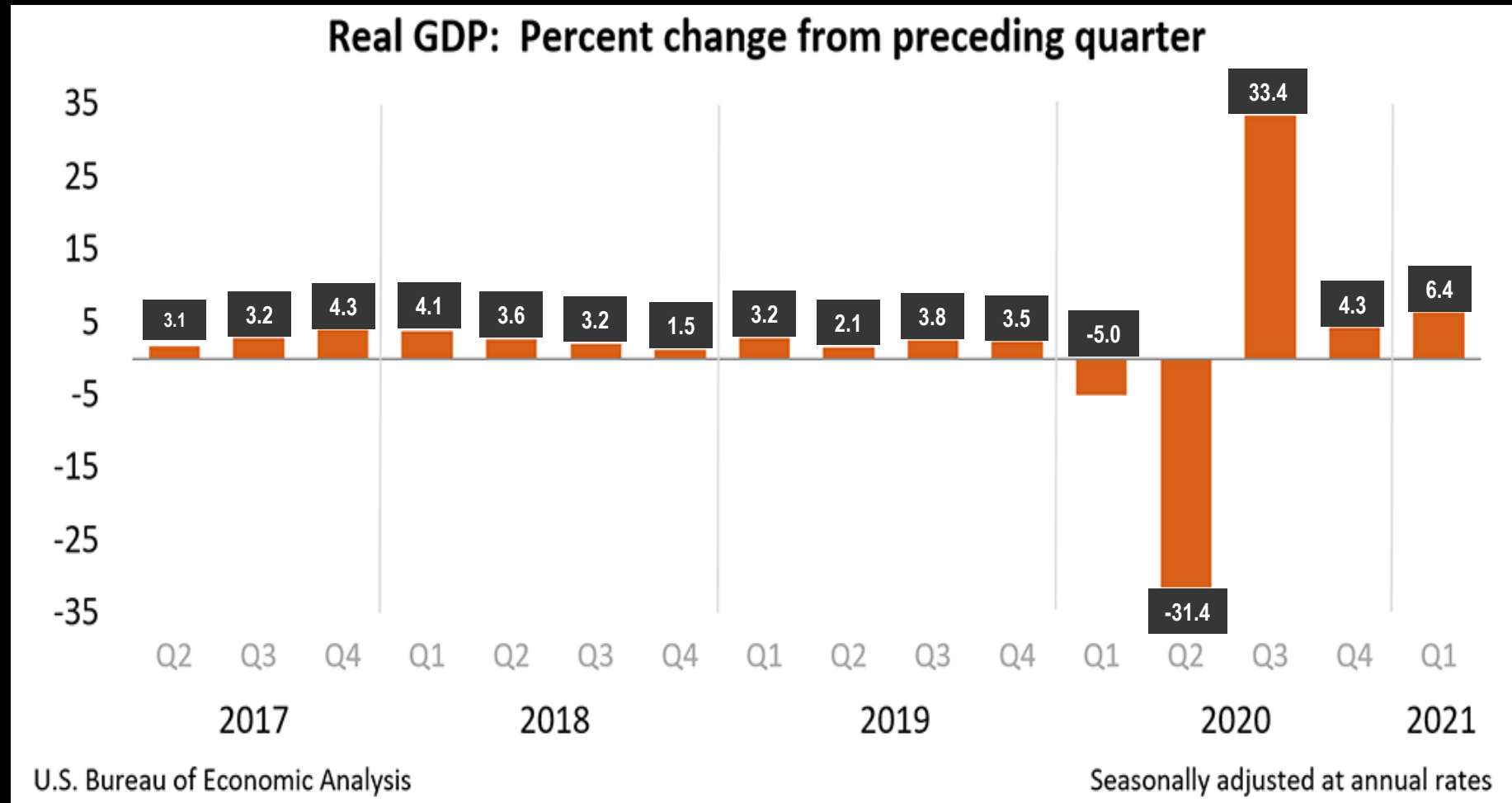
*GDP that represents the total dollar value of all goods and services produced over a specific time period and used to estimate the size of the economy and growth rate.

ECONOMIC OUTLOOK

U.S. REAL GDP – PERCENT CHANGE FROM PRECEDING QUARTER

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GDP – Gross Domestic Product represents the total dollar value of all goods and services produced over a specific time period and used to estimate the size of the economy and growth rate.



CALIFORNIA ECONOMIC OUTLOOK

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- California is the 5th largest economy in the world
- The dependency on the state's top income earners creates extreme volatility for general fund revenues
- The income tax deadline was shifted from April 15 to May 17
- The Golden State Stimulus and delayed tax filing season plays a role in substantial receipts above the January forecast.

CALIFORNIA ECONOMIC OUTLOOK ⁶

The Economic landscape drastically different than a year ago

State revenues are above projections

- Personal Income Tax by 26.1%

- Sales and Use Tax by \$943M

- Corporation Tax by \$1.37B

Statewide housing price reached record high by 23.9% from March 2020

Unemployment rates falling (EDD Office)

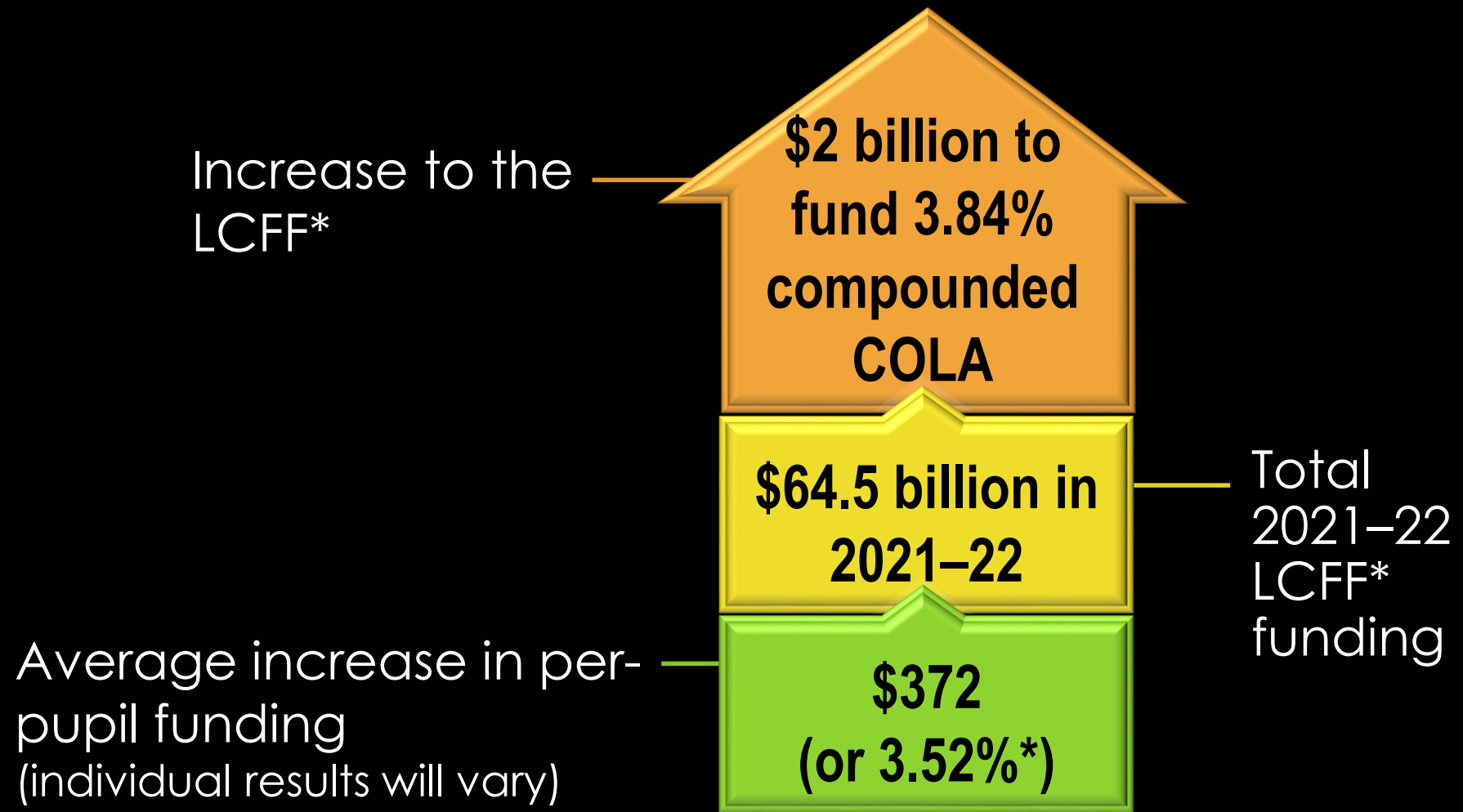
- December 2019 3.9%

- April 2020 15.5%

- March 2021 8.3%

2021–22 LOCAL CONTROL FUND FORMULA ⁷

(Proposed Governor's Budget in January)



*LCFF Local Control Funding Formula

2021–22 LCFF FUNDING FACTORS

- The Governor's Budget proposes a 3.84% compounded COLA for 2021–22, which is applied to the LCFF base grants for each grade span
- Two grade span adjustments (GSAs) are applied as percentage increases to the base grants
 - Grades K–3 receive a 10.4% increase for smaller average class sizes
 - Grades 9–12 receive a 2.6% increase in recognition of the costs of Career Technical Education (CTE) coursework

Grade Span	2020–21 Base Grant per ADA	3.84% Compounded COLA	2021–22 Base Grant per ADA	GSA	2021–22 Adjusted Base Grant per ADA
K–3	\$7,702	\$296	\$7,998	\$832	\$8,830
4–6	\$7,818	\$300	\$8,118	-	\$8,118
7–8	\$8,050	\$309	\$8,359	-	\$8,359
9–12	\$9,329	\$358	\$9,687	\$252	\$9,939

2021–22 LCFF FUNDING FACTORS

- Supplemental and concentration (S/C) grants are calculated based on the percentage of a local educational agency's (LEA) enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

Grade Span	2021–22 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA—Total UPP	50% Concentration Grant per ADA—UPP Above 55%
K–3	\$8,830	\$1,766	\$4,415
4–6	\$8,118	\$1,624	\$4,059
7–8	\$8,359	\$1,672	\$4,180
9–12	\$9,939	\$1,988	\$4,970

ENROLLMENT AND ADA PROJECTION

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- Enrollment's drastic change due to the COVID pandemic and decline is projected to stabilize

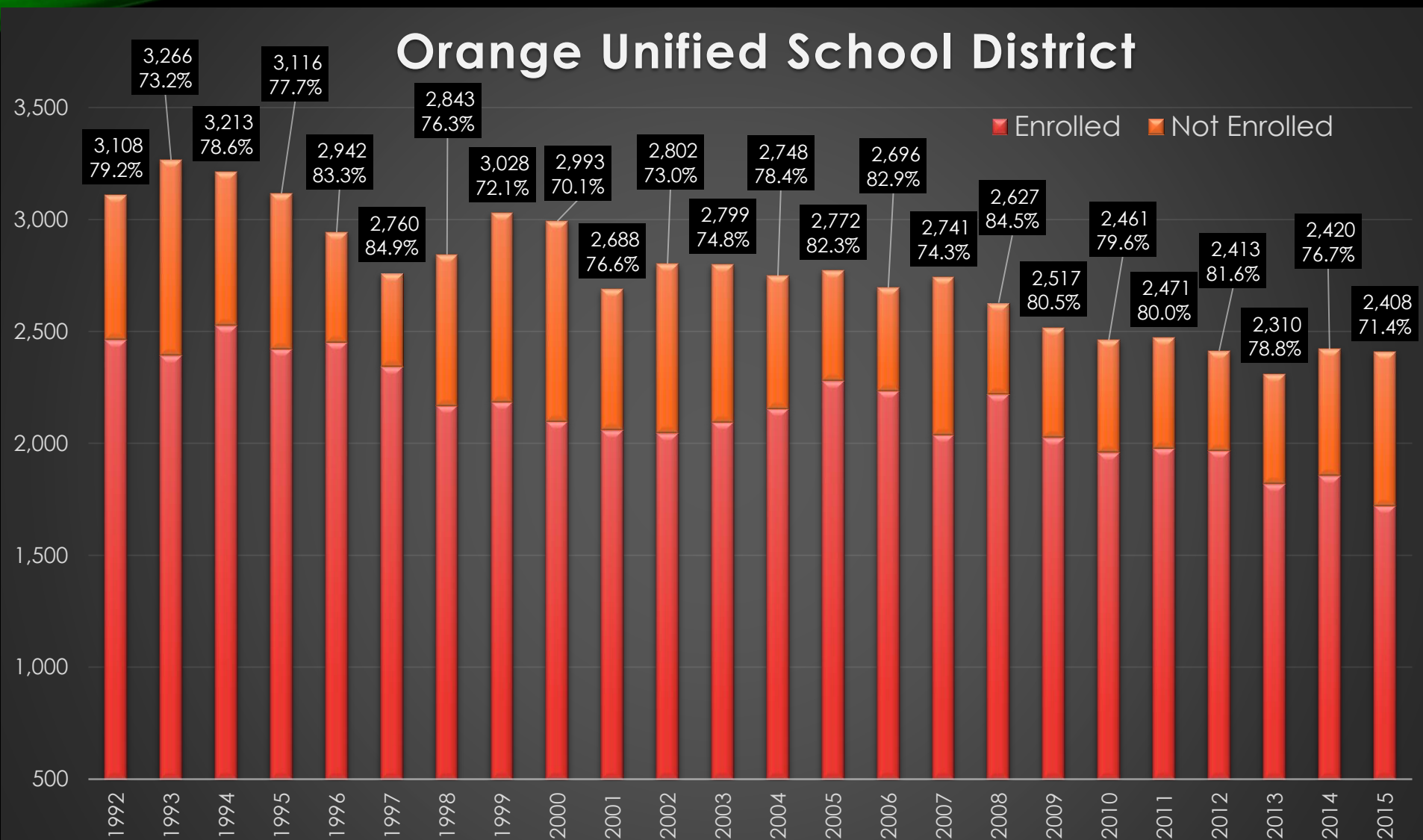
Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Enrollment	24,960	24,173	23,812	23,451	23,090	22,729
Change in Enrollment		(787)	(361)	(361)	(361)	(361)

Funded ADA	24,357	23,962★	23,887★	23,011	22,665	22,319
Change in Funding		(395)		(801)	(271)	(271)
Charter decline			(75)	(75)	(75)	(75)

- ★ 2020-21 and 2021-22 funding is based on Hold Harmless funding for 2019-20
- 2022-23 funding is planned to revert to traditional model.

BIRTH RATE RETENTION FACTOR

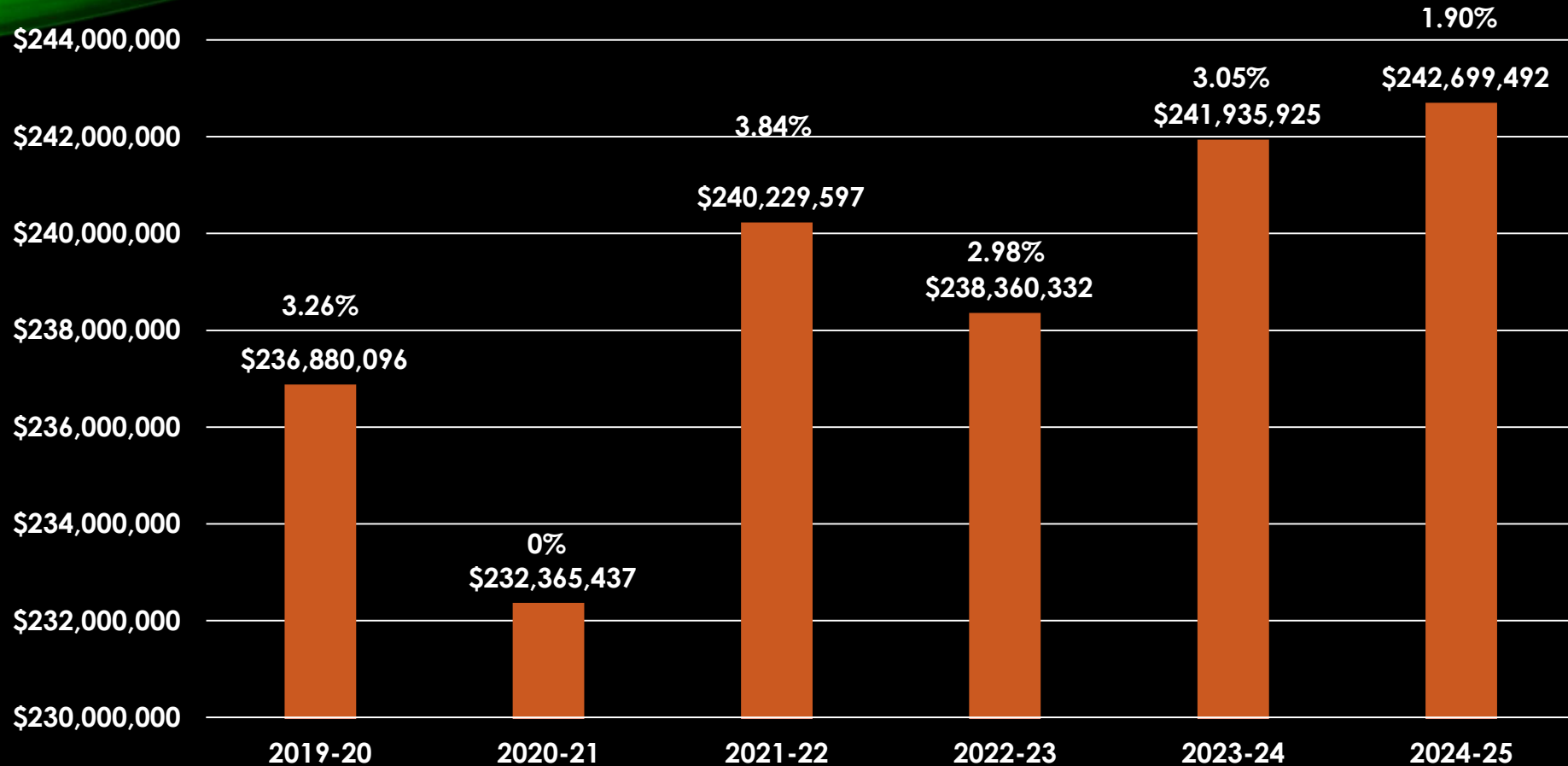
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LCFF PROJECTION FOR 2021-22

BASED ON THE GOVERNOR'S JANUARY UPDATE

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Department of Finance (DOF) estimated COLA* are included in the Revenue projections based on the current economy growth.

*COLA – Cost of Living Adjustment

MANDATED COST OF OPERATIONS (PENSIONS)

Cost of Doing Business				
Fiscal Year	STRS Contributions	Annual Changes	PERS Contributions	Annual Changes
2020-21	16.15%		20.70%	
2021-22	15.92%	-1.42%	22.91%	10.68%
2022-23	19.00%	19.35%	26.10%	13.92%
2023-24	19.00%	0.00%	27.10%	3.83%
2024-25	19.00%	0.00%	27.70%	2.21%
	Collective Changes	17.65%		33.82%

MANDATED COSTS OF OPERATIONS (STATE UNEMPLOYMENT INSURANCE)

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Cost of Doing Business		
Fiscal Year	State Unemployment	Annual Changes
2020-21	0.05%	\$ 83,224
2021-22	1.23%	\$ 2,047,318
	Incremental Costs	\$ 1,964,094

COVID-19 – ADDITIONAL SERVICES AND EXPENSES

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Distance Learning
3,500 Hotspots
16,450 new devices
Software, security,
connectivity



Deliver
Devices, schoolwork
packets, instructional
materials



**Cleaning and Protective
Equipment**
Clorox 360 System
369,000 masks
410 boxes of gloves
50 cases of hand sanitizers
4,500 cans of disinfecting wipes



Grab & Go



**Bus
Lunch Program**



**COVID-19
related
expenditures
exceed
\$18,100,000**

FUNDING FOR COVID-19 RELATED EXPENDITURES

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Funding Source	Learning Loss Funds	ESSER	Expanded Learning Grant	In-Person Learning	Title programs	Routine Restricted Maintenance
Teacher Salaries & Stipends	X	X				
Classified Support	X	X	X	X		
Classroom Supplies	X	X	X	X		
Cleaning and disinfecting	X			X		
Instructional Technology	X		X		X	
Internet, Wi-Fi, hotspots	X	X	X			
Computers/Devices	X	X		X	X	
Summer School			X			
Water Filling Stations				X		
Portable Sinks				X		
Air Filtration		X		X		X
Instructional Materials/Other Svcs.	X	X	X	X	X	
Signage		X		X		
Desk Shields	X			X		

COVID-19 RELIEF ALLOCATIONS INCLUDED IN THE 2020-21 BUDGET

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Current Funding

Description	Amount	Federal	State	Deadline	Allowable Uses
SB 117 COVID-19 Response	421,084		<input checked="" type="checkbox"/>	N/A	Cleaning & disinfecting, PPE, distance learning, and nutrition services
LLMF Prop 98	2,006,257		<input checked="" type="checkbox"/>	6/30/2021	Support pupil academic achievement and mitigate learning loss
LLMF COVID Relief Fund	12,987,802	<input checked="" type="checkbox"/>		12/31/2021	
LLMF GEER Funds	1,553,458	<input checked="" type="checkbox"/>		9/30/2022	
ESSER Funds	4,266,473	<input checked="" type="checkbox"/>		9/30/2022	Broad discretion to support coronavirus response activities
ESSER II Funds	16,934,551	<input checked="" type="checkbox"/>		9/30/2023	Broad discretion to support coronavirus response activities and facilities repairs to reduce risk of virus transmission and support student health needs
Total Funding	\$ 21,235,074				
Estimated Expenses Through June 30, 2021	21,235,074				
Estimated Carryover	\$0				

LLMF Learning Loss Mitigation Fund
 GEER Governor's Emergency Education Relief
 ESSER Elementary & Secondary Emergency Response

COVID-19 RELIEF ALLOCATIONS INCLUDED IN 2021-22 BUDGET

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New Funding (Fluid Situation)

Description	Amount	Federal	State	Deadline	Allowable Uses
ESSER II Funds	16,934,551	<input checked="" type="checkbox"/>		9/30/2023	Broad discretion to support coronavirus response activities and facilities repairs to reduce risk of virus transmission and support student health needs
In-Person Instruction Grant	7,607,545		<input checked="" type="checkbox"/>	8/31/2022	Cover the costs associated with classroom-based learning
Expanded Learning Grant	16,074,913		<input checked="" type="checkbox"/>	8/31/2022	Extend learning time, professional development, address social-emotional needs and access to school meals
Total Funding	\$40,617,009				
Estimated Expenses Through June 30, 2021	\$4,931,761				
Budgeted in 2021-22	\$35,685,248				

FUNDING FOR COVID-19 RELATED EXPENDITURES

Not included in Budget

American Rescue Plan (ESSER III) **\$102.8 Billion**

- Cover the costs for safe return to in-person instruction and continuity of services and reserve 20% for expanded learning and summer schools

Description	Amount	Federal	State	Deadline	Allowable Uses
ESSER II Funds (Estimated)	\$38,445,602	<input checked="" type="checkbox"/>		9/30/2024	Cover the costs for safe return to in-person instruction and continuity of services and reserve 20% for expanded learning and summer schools

PROPOSED 2020-21 ADOPTED BUDGET AND MULTI-YEAR PROJECTIONS - GOVERNOR'S JANUARY PROPOSAL

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Subject to Adoption on June 3, 2021 Board Meeting

	2020-21	2021-22	2022-23	2023-24	2024-25
	Estimated	Projected	Projected	Projected	Projected
TOTAL REVENUES	331,643,106	340,779,763	302,724,952	306,193,585	306,663,128
TOTAL EXPENDITURES	333,450,600	344,514,610	306,771,640	308,898,341	314,640,019
DECREASE IN FUND BALANCE	-1,807,494	-3,734,847	-4,046,688	-2,704,756	-7,976,891
BEGINNING BALANCE	78,021,109	76,213,615	72,478,768	68,432,080	65,727,325
PROJECTED ENDING BALANCE	76,213,615	72,478,768	68,432,080	65,727,325	57,750,434
Adjustment to Ending Fund Balance					
Restrictions to Ending Fund Balance	-21,658,908	-13,392,530	-13,274,229	-12,495,968	-7,857,143
3% State Required Contingency	-10,003,518	-10,335,439	-9,203,149	-9,266,951	-9,439,202
Unappropriated Fund Balance Above 3%	44,551,189	48,750,799	45,954,702	43,964,406	40,454,089

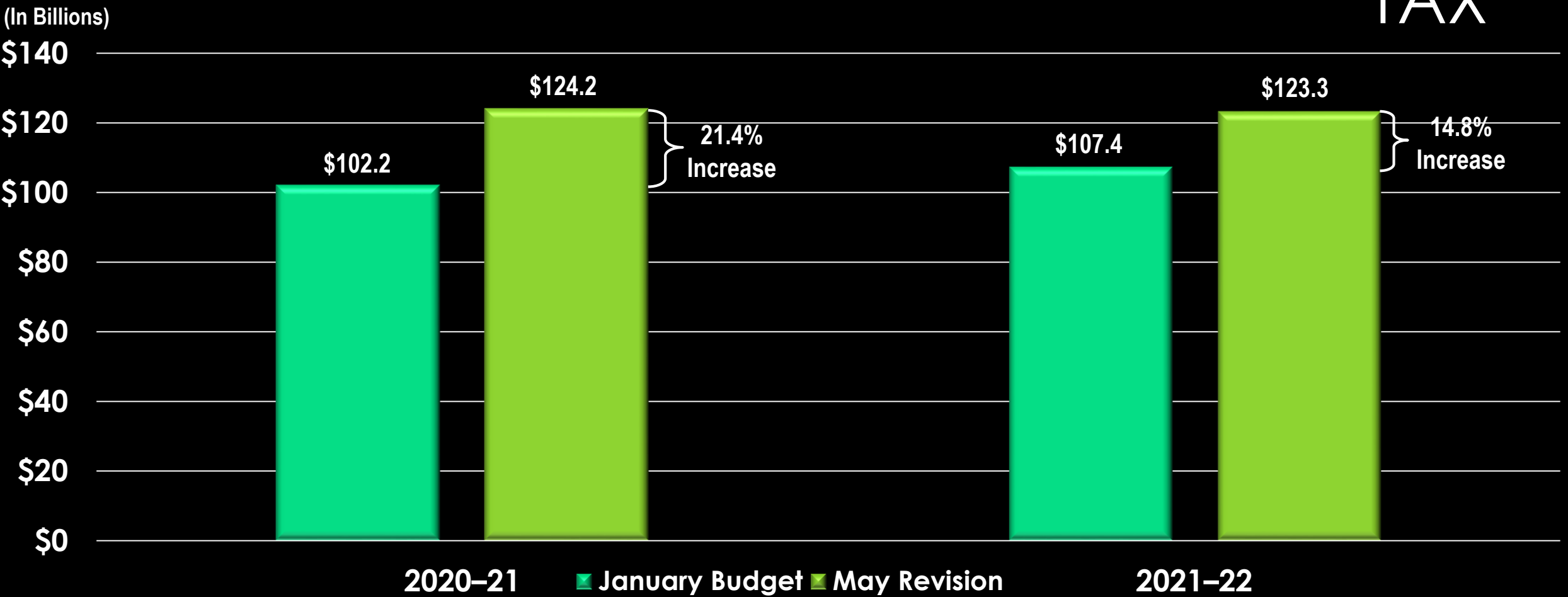
GOVERNOR'S MAY REVISION UPDATE

GOVERNOR'S BUDGET VS. MAY REVISION

Item	Governor's Budget	May Revision
LCFF Funding Increase	\$2 billion	\$3.2 billion
Proposition 98 Minimum Guarantee 2019–20 2020–21 2021–22	\$79.5 billion \$82.8 billion \$85.8 billion	\$79.3 billion \$92.8 billion \$93.7 billion
2021–22 Statutory COLA	1.5%	1.7%
2021–22 Compounded COLA	3.84%	4.05%*
2021–22 LCFF “Mega” COLA	N/A	5.07%

*Only the special education and community college funding formulas will receive the compounded COLA

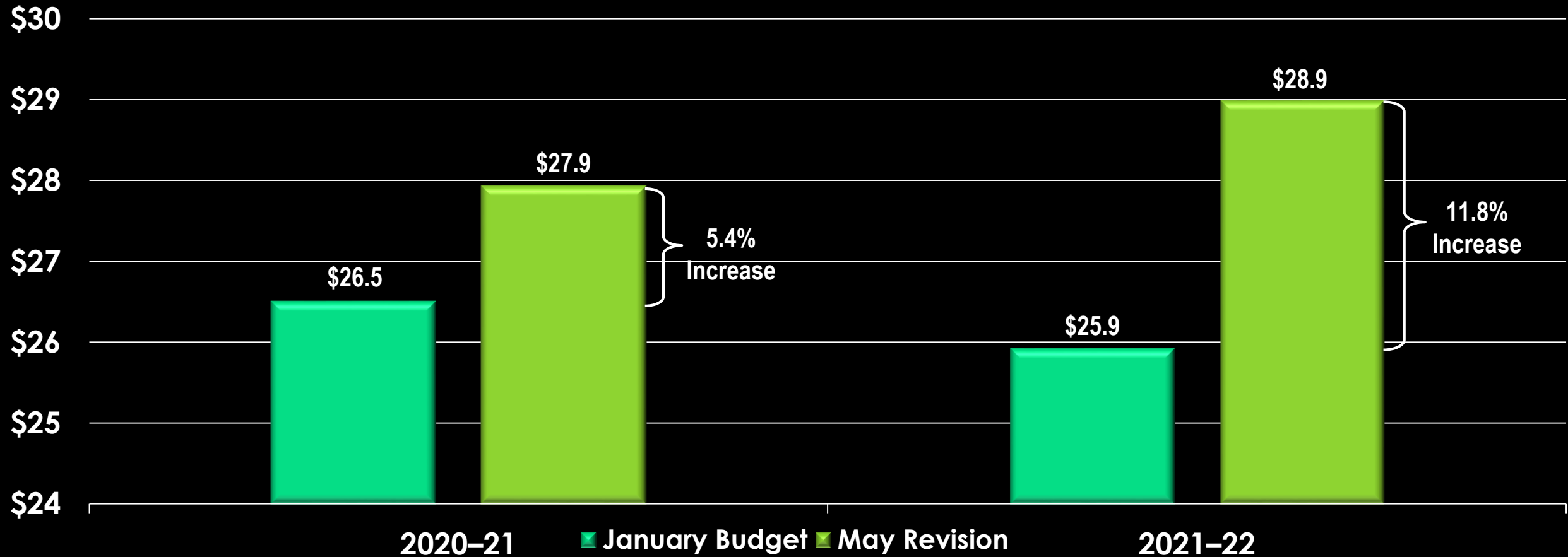
ESTIMATE FOR PERSONAL INCOME TAX



Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary,

ESTIMATE FOR SALES AND USE TAX

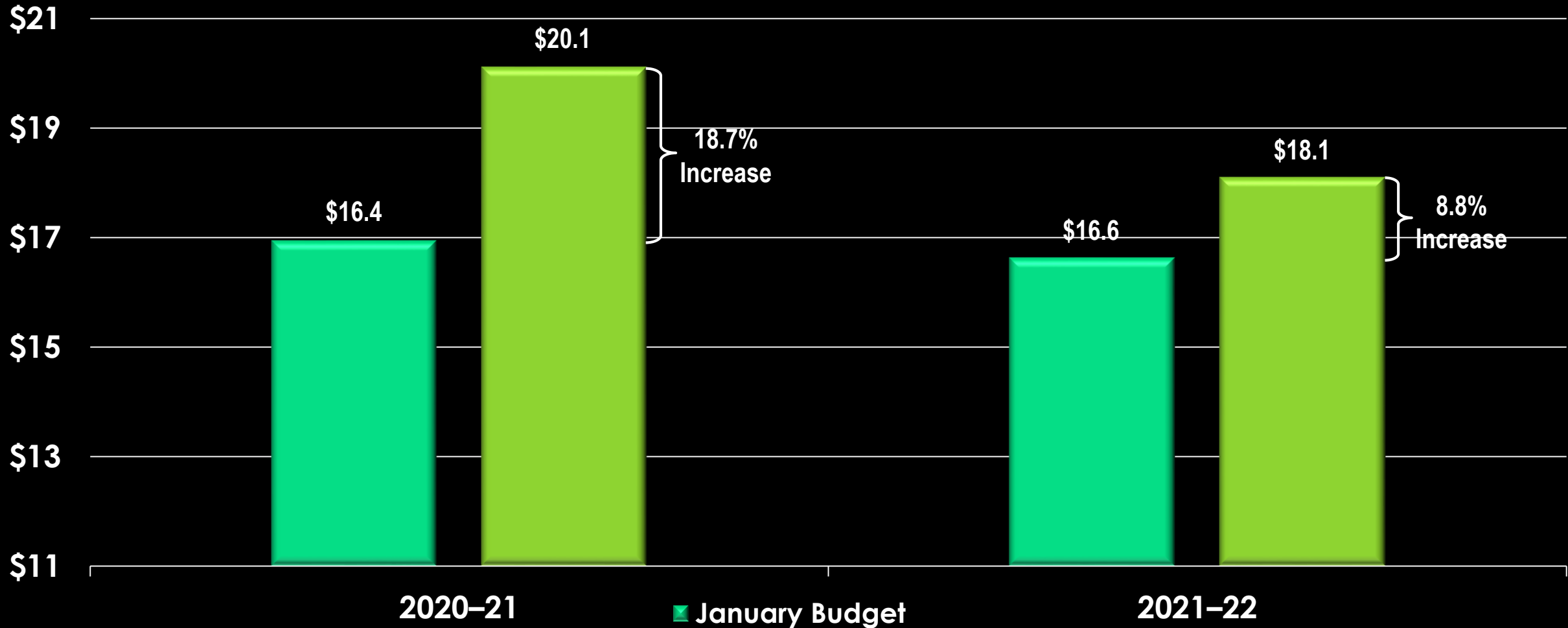
(In Billions)



Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary, page 18

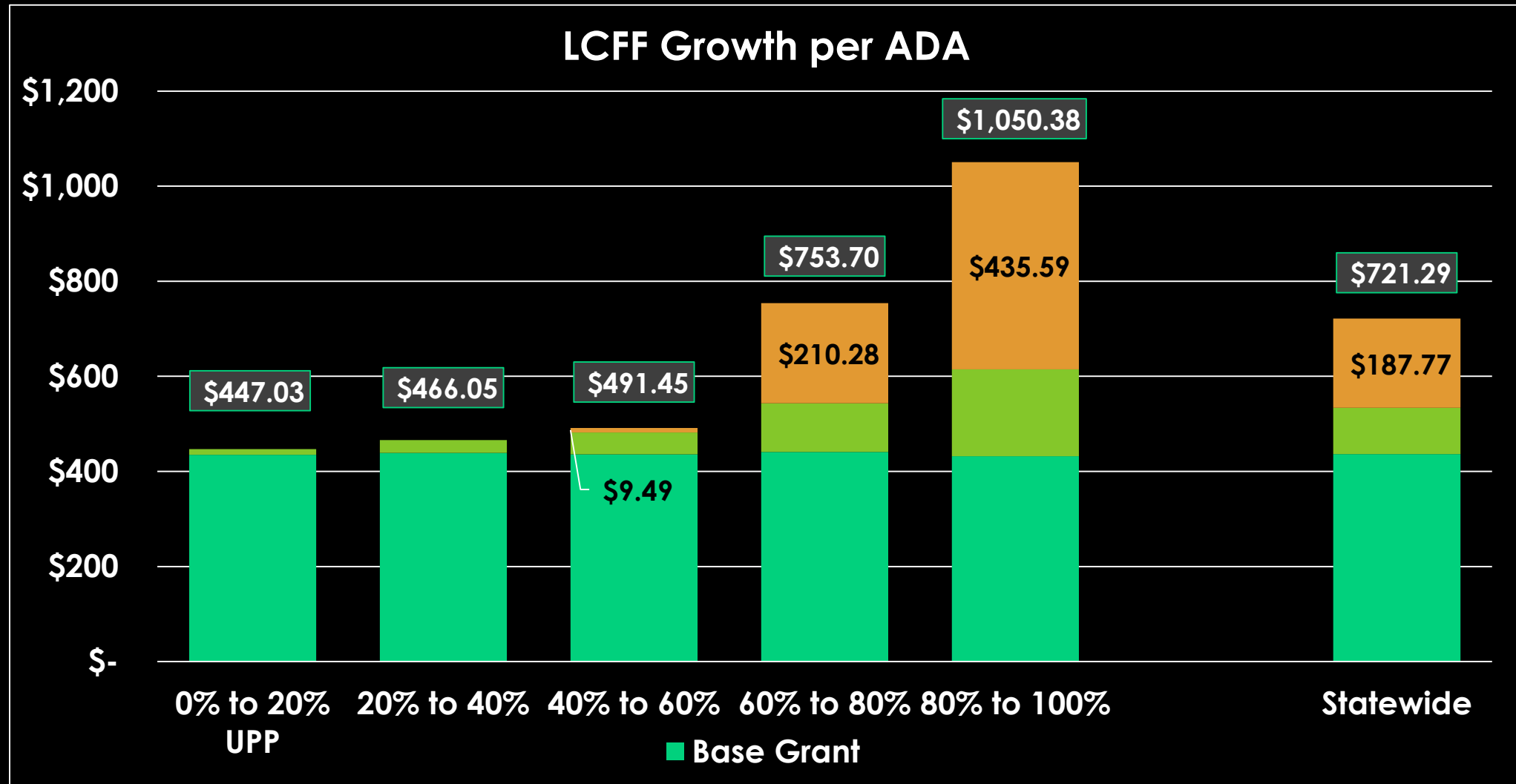
ESTIMATE FOR CORPORATE TAX

(In Billions)



Source: 2021-22 May Revision Budget Summary, page 18 and 2021-22 Governor's Budget Summary, page 18

LCFF GROWTH—CONCENTRATION GRANT PROPOSAL



MANAGING ENROLLMENT AND ADA

- The pandemic impacted learning in many ways, but perhaps the starkest example is the loss of K–12 students in 2020–21
- Based on state-certified data, the state's K–12 student population declined by more than 160,000
- Sharp contrast to estimated loss of 20,000 to 30,000 annually

K–12 Public School Enrollment



Source: DataQuest, California Department of Education (CDE)



Questions?