







2018-19 PROPOSED BUDGET

ORANGE UNIFIED SCHOOL DISTRICT
May 24, 2018





Presentation Overview

-  **Budgetary Building Blocks**
-  **Enrollment Projections**
-  **Rising Cost of Doing Business**
-  **Multi-Year Projections**
-  **Governor's May Revise Proposal for 2018-19 Budget**
-  **Next Steps**



Budgetary Building Blocks

- **Revenues:**

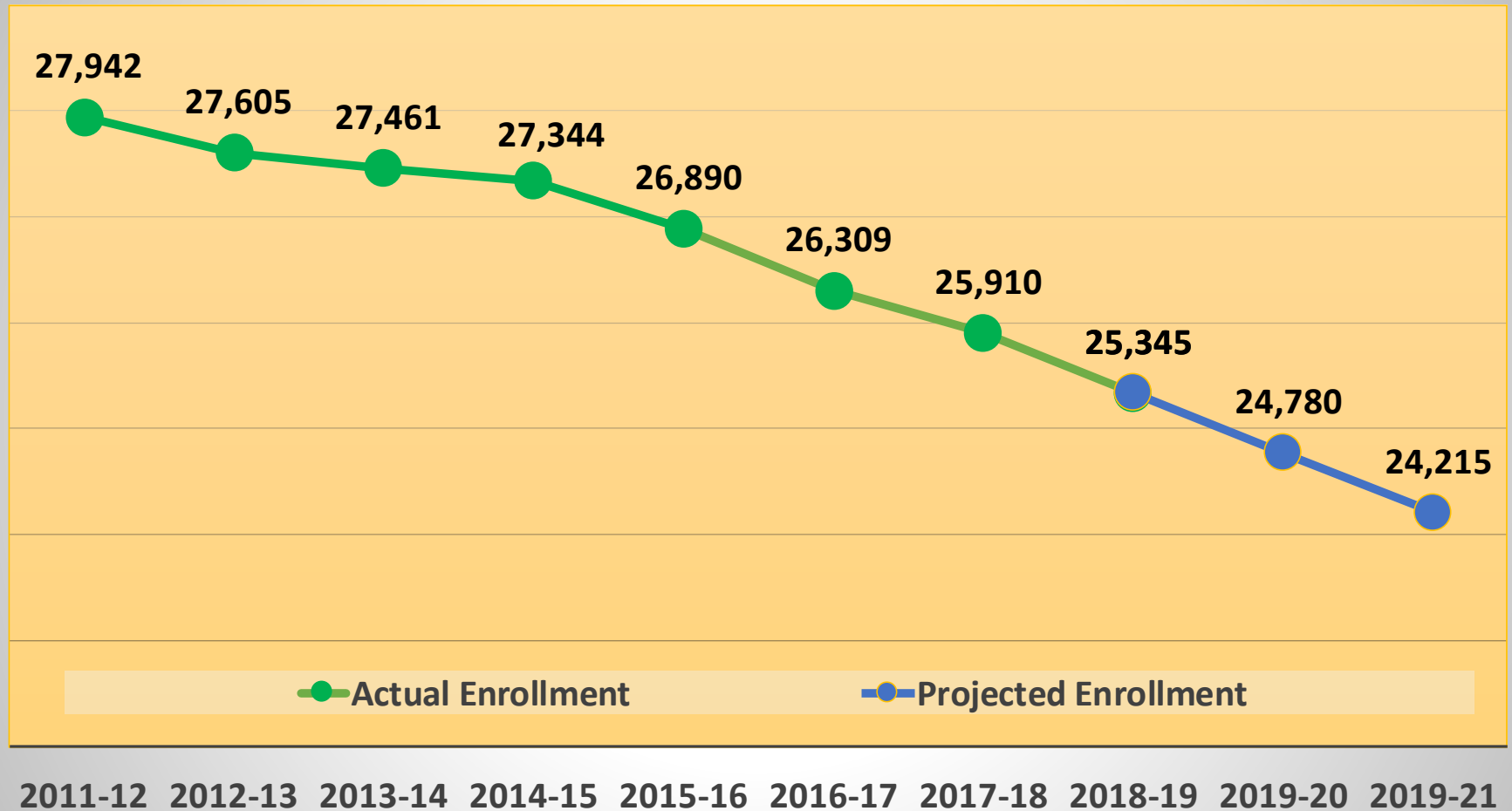
- Local Control Funding Formula
 - Annual decline in enrollment of 565 per year
 - Attendance Rate: 96%
 - New Funding for 2018-19
 - Base: \$6.7M
 - CTE & Supplemental: \$2M
- Proposed One –Time Mandated Cost Funds **not** included

- **Expenditures:**

- Outcome of Collective Bargaining Agreements approved in March and April 2018
- Step and Column Increases
- Increases in STRS and PERS employer contribution rates
- Budget Reductions approved on March 8, 2018

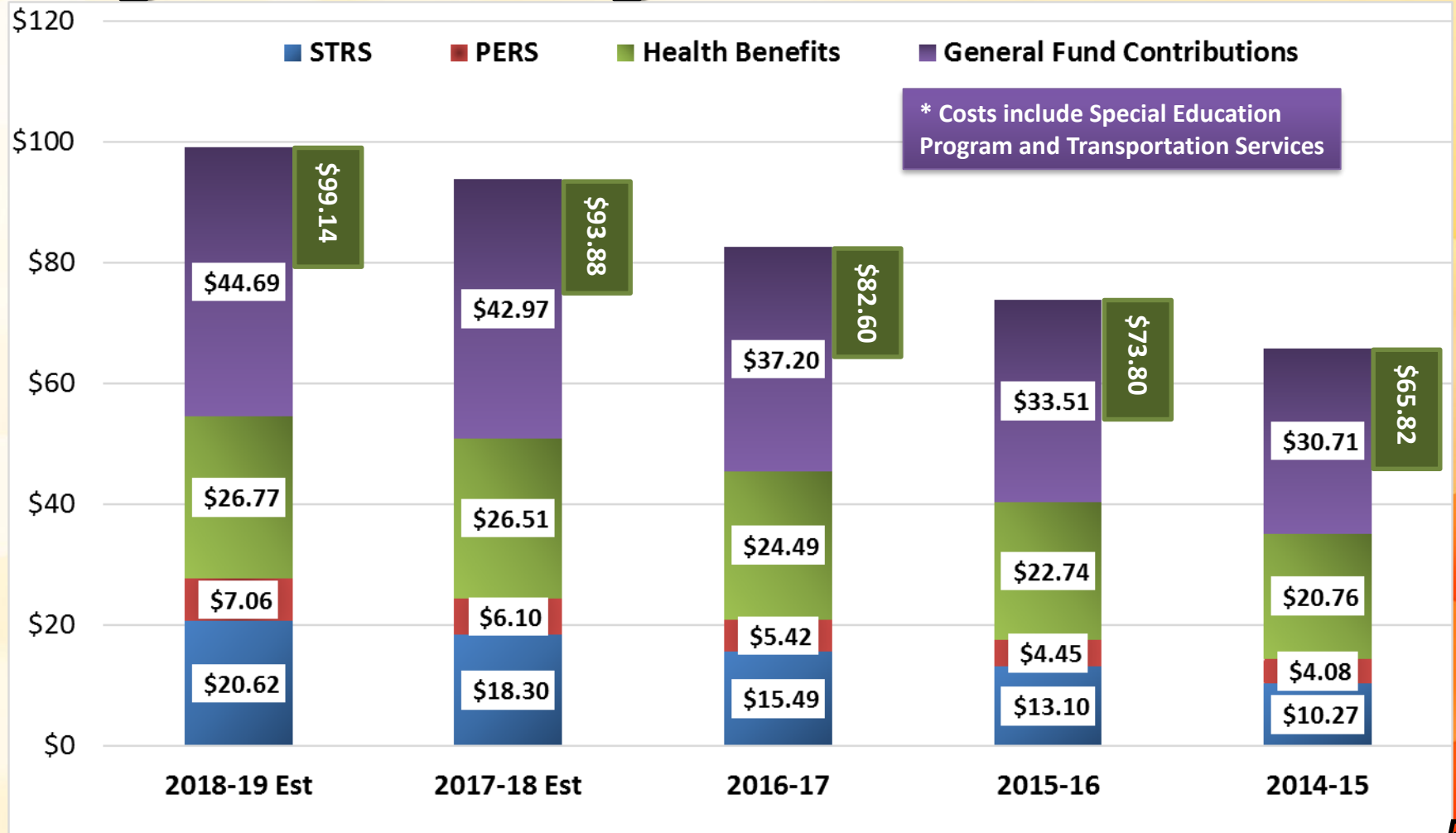


Historical Enrollment (Excluding Charter Schools)





Rising “Cost of Doing Business”





Multi-Year Projections

	2018-19	2019-20	2020-21
REVENUES	286,681,517	287,360,971	288,642,761
<i>Identified Sources of Income</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>
TOTAL REVENUES AS ADJUSTED	286,806,517	287,485,971	288,767,761
EXPENDITURES	300,309,378	307,032,670	308,971,180
<i>Identified Budget Reductions</i>	<i>(3,035,413)</i>	<i>(3,066,127)</i>	<i>(3,079,542)</i>
TOTAL EXPENDITURES AS ADJUSTED	297,273,965	303,966,543	305,891,638
INCREASE (DECREASE) IN FUND BALANCE	(10,467,448)	(16,480,572)	(17,123,877)
BEGINNING BALANCE	54,993,647	44,526,199	28,045,627
PROJECTED ENDING BALANCE	44,526,199	28,045,627	10,921,750
Adjustment to Ending Fund Balance			
Stores, Revolving Cash and Carryover	(334,295)	(334,295)	(334,295)
Reserve for STRS and PERS Increases	(6,001,263)	(2,446,999)	(1,142,003)
3% State Required Contingency	(8,918,219)	(9,118,996)	(9,176,749)
Unappropriated Fund Balance Above 3%	29,272,422	16,145,337	268,703



Governor's May Revise for 2018-19 Budget

- The May Revision continues full funding of the Local Control Funding Formula - Two years ahead of the initial implementation timeline;
- The 2018-19 COLA slightly increased from January's projection 2.51% to 2.71%, but decreases in the out years;

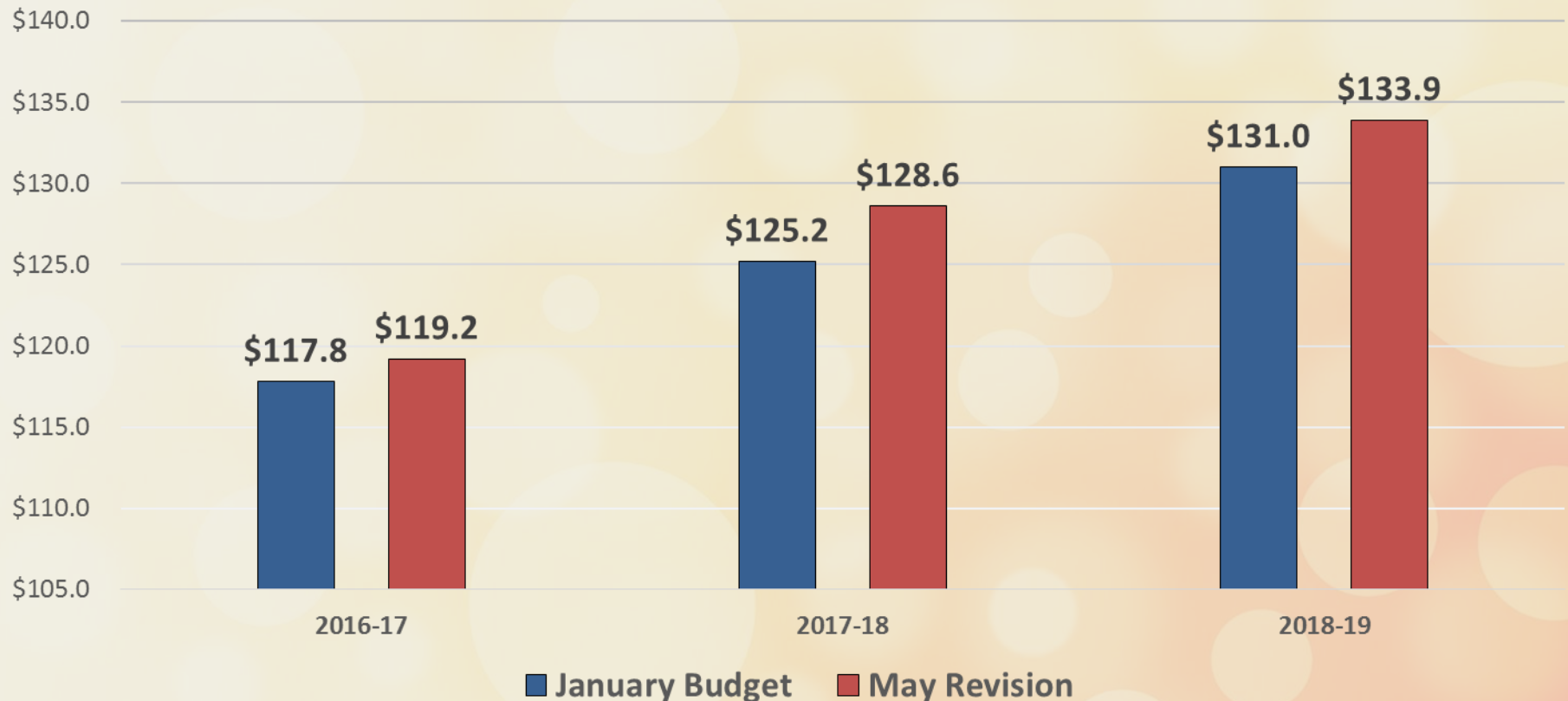
COLA	2018-19	2019-20	2020-21
January	2.51%	2.41%	2.80%
May	2.71%	2.57%	2.67%

- One-time funding projected at \$ 2.04 billion or \$344 per/ADA to offset mandate reimbursement claims.



California – Big Three Taxes

Personal Income, Sales, and Corporation Tax Revenue (in billions)





State General Fund Budget Summary

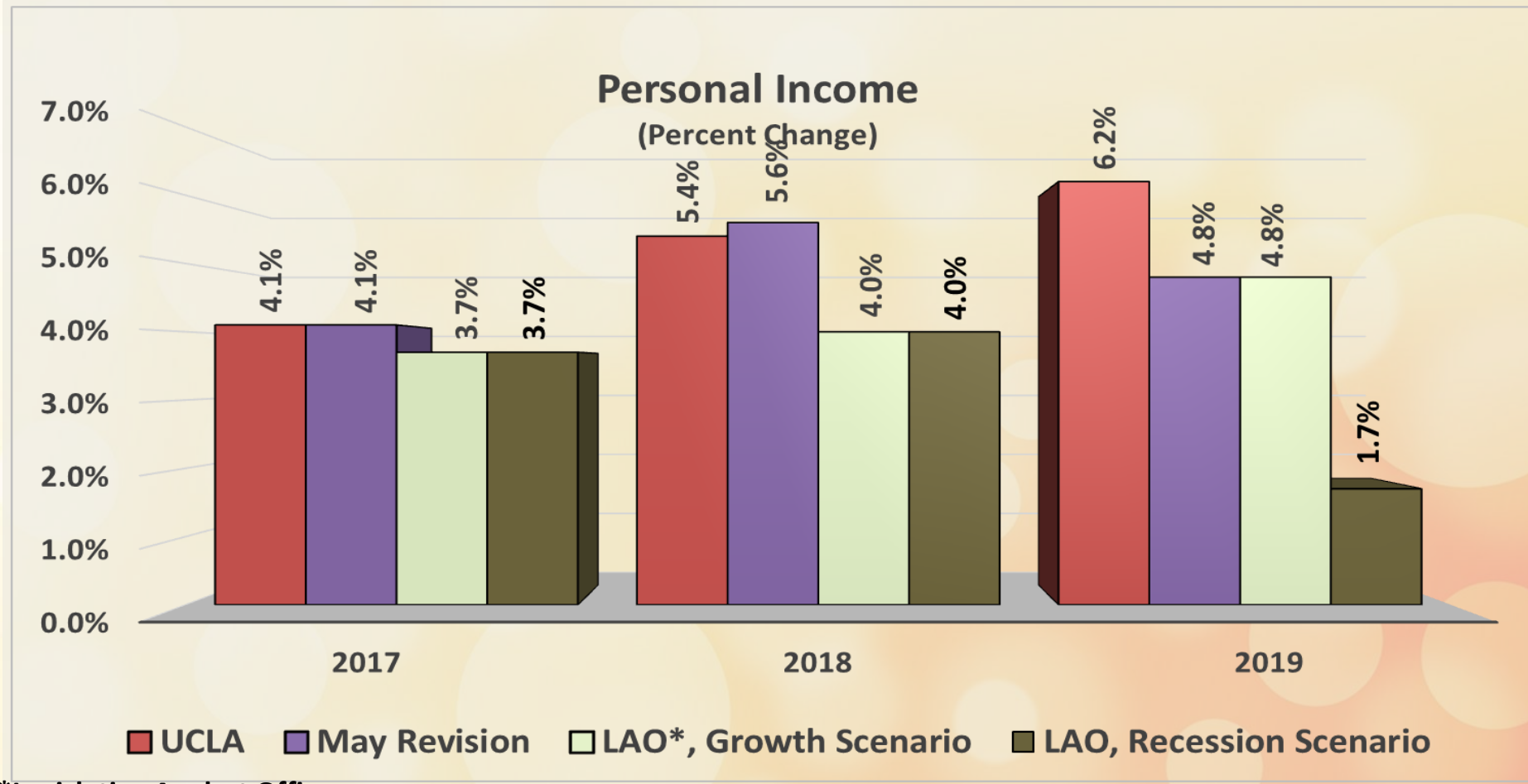
- Revenues and transfers increase 2.8% while expenditures increase 8.3%
- In addition to a \$3.24 billion reserve for economic uncertainties, the 2018-19 Budget would add \$4.36 billion to the Budget Stabilization Account
- Total reserves are 12.4% of expenditures

General Fund Budget Summary (in millions)		
	2017-18	2018-19
Prior-Year Balance	\$5,673	\$8,452
Revenues and Transfers	\$129,825	\$133,513
Total Resources	\$135,498	\$141,965
Total Expenditures	\$127,046	\$137,562
Fund Balance	\$8,452	\$4,403
Budget Reserve:		
Reserve for Encumbrances	\$1,165	\$1,165
Reserve for Economic Uncertainties	\$7,287	\$3,238
Budget Stabilization Account	\$9,410	\$13,767
Total Available Reserve*	\$16,697	\$17,005

*Excludes Reserve for Encumbrances



California – Personal Income Forecast



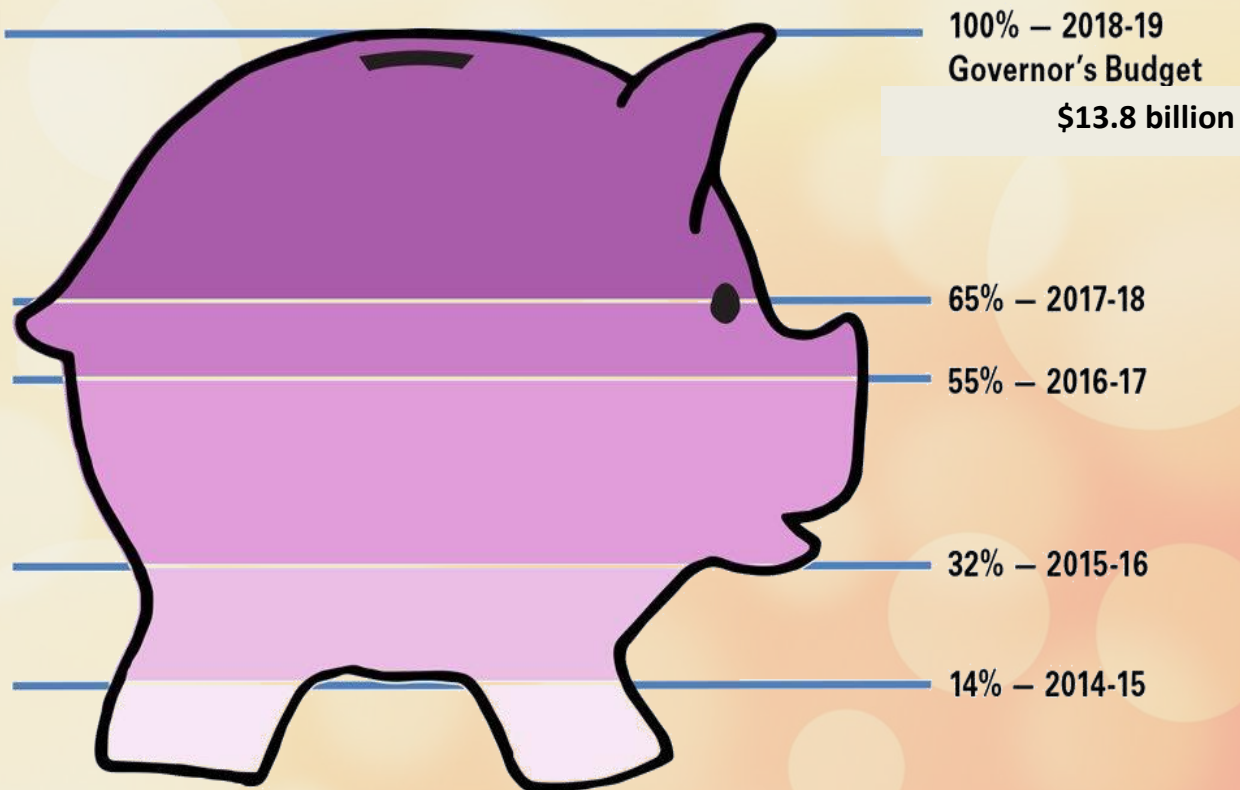
*Legislative Analyst Office



Rainy Day Fund

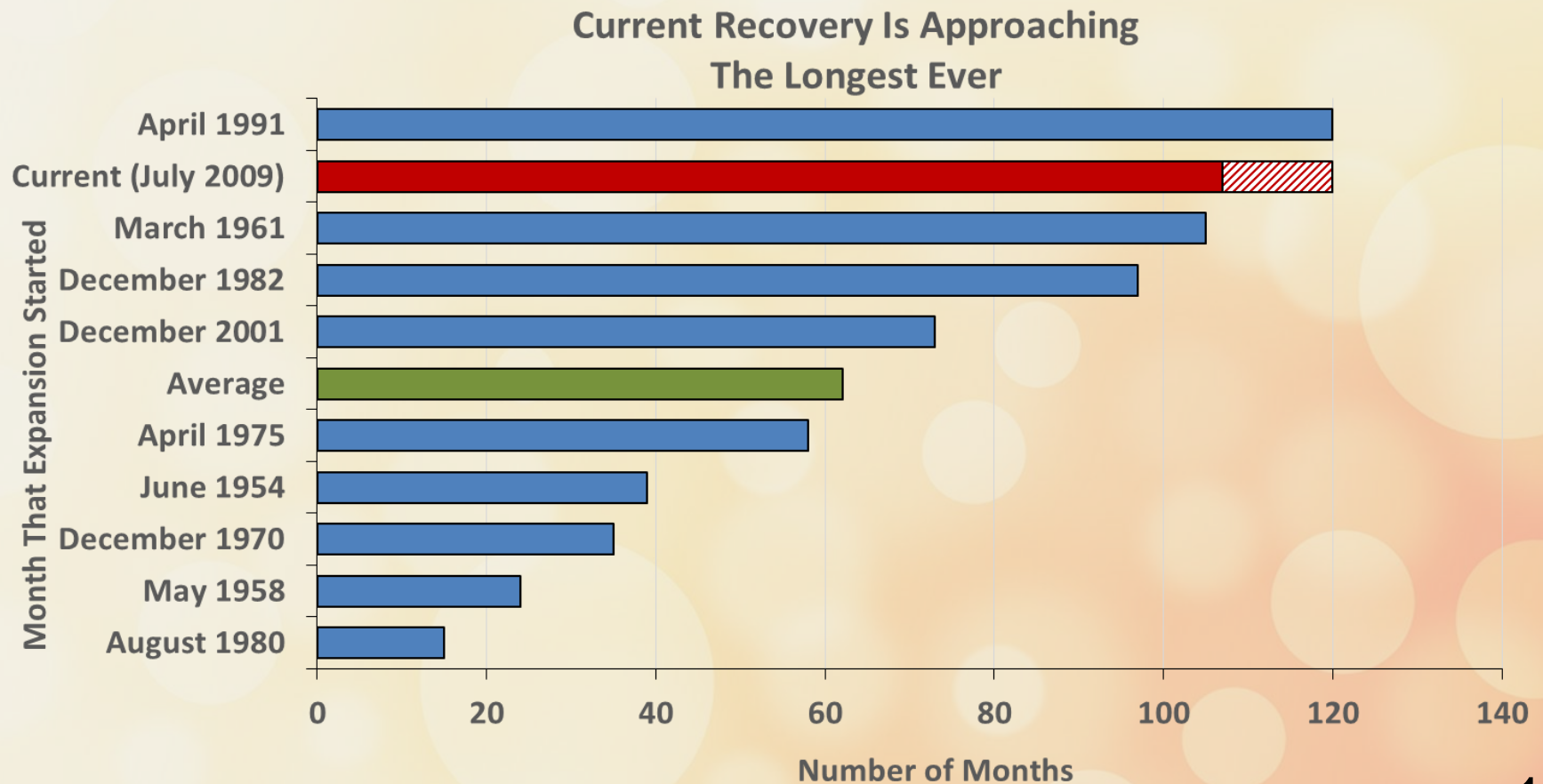
- The May Revision maintains the Governor's January proposal to provide a supplemental deposit to fully fill the Rainy Day Fund in 2018-19
- The May Revision includes a modest \$306 million increase from the January proposal, bringing the Rainy Day Fund to \$13.8 billion in 2018-19 (the maximum allowed by the State Constitution)

Filling Up the Rainy Day Fund Before the Next Recession





Approaching the Longest Economic Recovery in Modern History





January Budget vs. May Revision

Item	January Budget	May Revision
LCFF Gap Funding	100% or \$2.9 billion	100% or \$3.2 billion
Proposition 98 Minimum Funding Guarantee		
2016-17	\$71.4 billion	\$71.6 billion
2017-18	\$75.2 billion	\$75.6 billion
2018-19	\$78.3 billion	\$78.4 billion
2018-19 COLA	2.51%	2.71%
One-Time Discretionary Funds for 2018-19	\$1.8 billion \$295 per ADA	\$2.02 billion \$344 per ADA



Next Steps

State Level

- May Proposed Budget moves forward to the Legislature
- State Budget is enacted by June 30, 2018

Local Level

- Board Adopt 2018-19 Proposed District Budget at the June 7, 2018 Meeting
- Submit budget documents to the Orange County Department of Education for authorization
- Adopt 2017-18 Unaudited Actuals and 2018-19 Revised Budget on September 6, 2018