



# **ORANGE UNIFIED SCHOOL DISTRICT**

## **2017-18 2<sup>nd</sup> INTERIM REPORT**

District Advisory Council

March 21, 2018

# 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 2018 - 2017-18 Second Interim Report to Board for Approval
- May 2018 - Governor's "May Revise"

# Major Items Affecting the Budget

- Declining Enrollment-2.28%

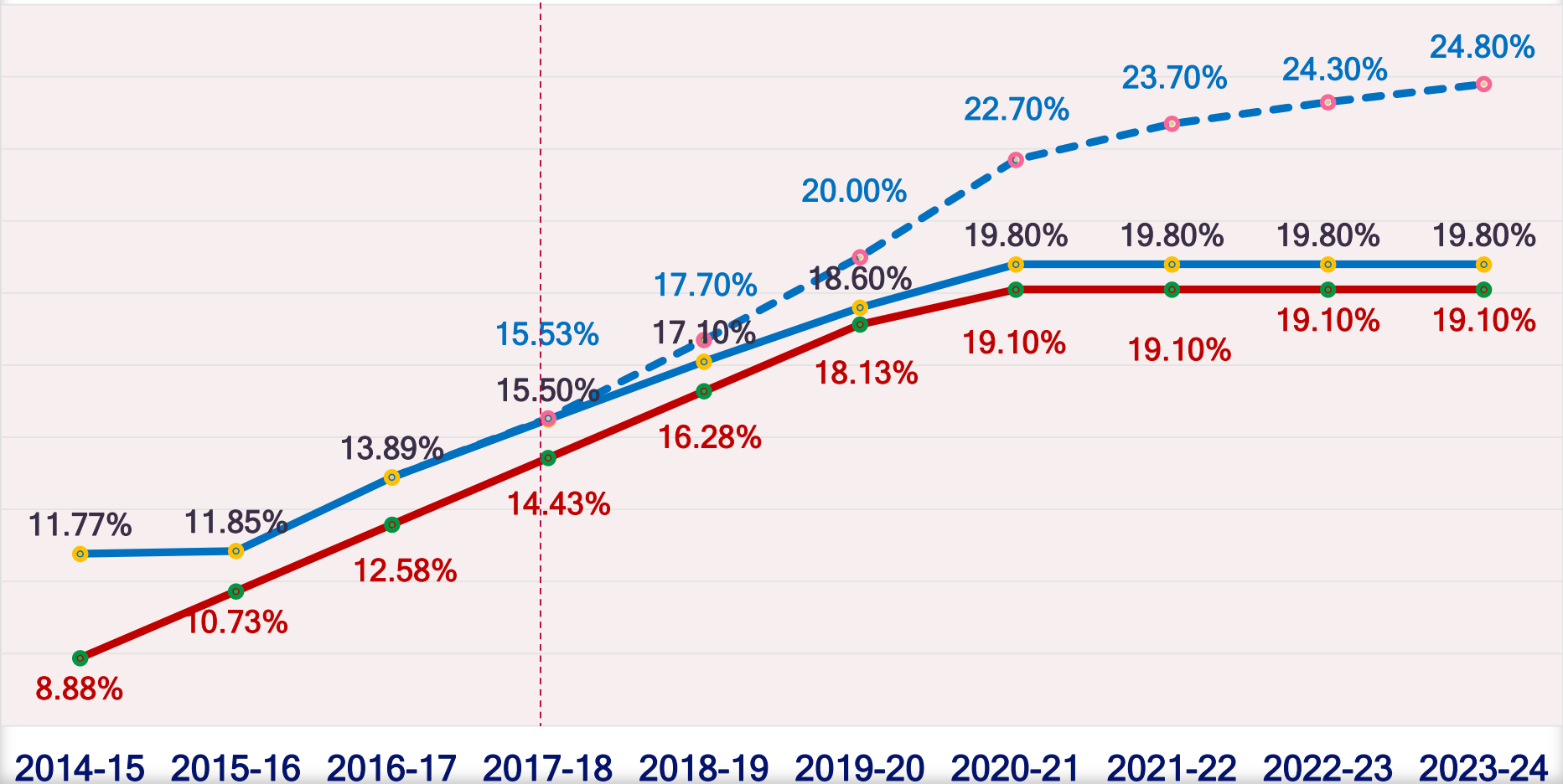
	2017-18	2018-19	2019-20
ADA	564	663	663

- CalSTRS and CalPERS Employer Contributions

	2017-18	2018-19	2019-20
CalSTRS	14.43%	16.28%	18.13%
CalPERS	15.53%	17.70%	20.00%

# District Contributions to CalSTRS and CalPERS

● CalSTRS      ● CalPERS      ● New CalPERS Estimates





# Governor's Proposal for 2018-19 Budget

- 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

# Multi-Year Projections: Before Budget Reductions

	2017-18	2018-19	2019-20	2020-21
REVENUES	287,162,648	284,775,012	284,557,231	284,559,745
EXPENDITURES	297,958,026	295,078,638	301,212,321	304,431,907
<i>CSEA Tentative Agreement</i>	<i>133,172</i>	<i>266,344</i>	<i>266,344</i>	<i>266,344</i>
<b>TOTAL EXPENDITURES AS ADJUSTED</b>	<b>289,091,198</b>	<b>295,344,982</b>	<b>301,478,665</b>	<b>304,698,251</b>
INC/DEC IN FUND BALANCE	(10,928,550)	(10,569,970)	(16,921,434)	(20,138,506)
BEGINNING BALANCE	62,965,570	52,037,020	41,467,050	24,545,616
<b>PROJECTED ENDING BALANCE</b>	<b>52,037,020</b>	<b>41,467,050</b>	<b>24,545,616</b>	<b>4,407,110</b>
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and Carryover	(334,295)	(334,295)	(334,295)	(334,295)
Reserve for STRS and PERS Increases	(9,305,476)	(5,959,895)	(2,509,328)	(1,127,261)
3% State Required Contingency	(8,942,736)	(8,860,349)	(9,044,360)	(9,140,948)
<b>Unappropriated Fund Balance</b>	<b>33,454,513</b>	<b>26,312,511</b>	<b>12,657,633</b>	<b>(6,195,394)</b>

# Budget Reductions: Level 1 and 2

Item #	Level	POTENTIAL BUDGET REDUCTIONS	2018-19	2019-20	2020-21
1	2	1 Nurse - General Fund/Mental Health	(144,844)	(146,813)	(147,846)
2	1	2 Executive Directors	(343,255)	(348,215)	(350,814)
3	1	1 Administrative Director, Curriculum to Executive Director	10,047	10,198	10,278
4	1	1 Administrative Director, Info and Ed Technology to Exec Director	10,047	10,198	10,278
5	1	1 Executive Secretary	(88,337)	(90,009)	(91,868)
6	1	1 Coordinator, CTE/ROP/K-12 STEM	(189,868)	(192,457)	(193,814)
7	1	1 Coordinator, Research & Assessment	(165,348)	(167,750)	(169,009)
8	1	1 TOSA, Research & Assessment	79,049	80,218	80,832
9	2	4 Instructional Aides, Visual & Performing Arts	(105,198)	(106,787)	(107,620)
10	1	1 Counselor on Special Assignment	(118,600)	(120,283)	(121,165)
11	1	OPEB rate adjustment (from 2.5% to 2.25%)	(420,000)	(420,000)	(420,000)
12	1	P&A Admn Fees charged to Fund 71	(52,000)	(52,000)	(52,000)
13	1	Reimbursement of Admn Cost - 3% of Developer Fees	(33,000)	(33,000)	(33,000)
14	1	Facilities Reorganization & Funding Shift to Routine Restricted Maintenance	(42,635)	(38,073)	(32,011)
15	2	8 RTI Full-Time Teachers	(966,346)	(979,778)	(986,821)
16	1	Academic Language Mentors School Site Sections	(109,123)	(110,562)	(111,317)
17	2	2 P21 Specialists	(242,123)	(245,459)	(247,208)
18	1	1 Administrative Director, Accountability/Sp Programs to Exec Dir	5,262	5,342	5,384
19	1	1 Coordinator, Learning Support Services to Administrator	1,390	1,411	1,422
20	1	1 Instructional Specialist, Technology Services	(120,531)	(122,310)	(123,243)
		<b>Subtotal General Fund Expenses</b>	<b>(3,035,413)</b>	<b>(3,066,127)</b>	<b>(3,079,542)</b>
21	2	Additional Sources of Revenue MAA	(250,000)	(250,000)	(250,000)
		<b>Subtotal Other Funding Source</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(250,000)</b>
		<b>TOTAL POTENTIAL BUDGET REDUCTIONS</b>	<b>(3,285,413)</b>	<b>(3,316,127)</b>	<b>(3,329,542)</b>

# Multi-Year Projections: After Budget Reductions

	2017-18	2018-19	2019-20	2020-21
<b>REVENUES</b>	287,162,648	284,775,012	284,557,231	284,559,745
<i>Identified Potential Sources of Revenues</i>		250,000	250,000	250,000
<i>One-Time Mandated Reimbursement</i>		7,298,999		
<b>TOTAL REVENUES AS ADJUSTED</b>	287,162,648	292,324,011	284,807,231	284,809,745
<b>EXPENDITURES</b>	297,958,026	295,078,638	301,212,321	304,431,907
<i>CSEA Tentative Agreement</i>	133,172	266,344	266,344	266,344
<i>One-Time Expenses (Textbooks, Computers, Buses)</i>			5,424,772	1,874,227
<i>Identified Potential Budget Reductions</i>		(3,035,413)	(3,066,127)	(3,079,542)
<b>TOTAL EXPENDITURES AS ADJUSTED</b>	298,091,198	292,309,569	303,837,310	303,492,936
<b>INC/DEC IN FUND BALANCE</b>	(10,928,550)	14,442	(19,030,079)	(18,683,191)
<b>BEGINNING BALANCE</b>	62,965,570	52,037,020	52,051,462	33,021,383
<b>PROJECTED ENDING BALANCE</b>	52,037,020	52,051,462	33,021,383	14,338,192
Adjustment to Ending Fund Balance				
Stores, Revolving Cash and Carryover	(334,295)	(334,295)	(334,295)	(334,295)
Reserve for STRS and PERS Increases	(9,305,476)	(5,959,895)	(2,509,328)	(1,127,261)
3% State Required Contingency	(8,942,736)	(8,769,287)	(9,115,119)	(9,104,788)
<b>Unappropriated Fund Balance</b>	<b>33,454,513</b>	<b>36,987,985</b>	<b>21,062,641</b>	<b>3,771,848</b>



# Planning Ahead

The Governor's Budget Proposal provides additional funding for LCAP but not proportionally for all Districts or programs

- There is insufficient new funds in the Base to support "restoration" from 2007-08 levels ongoing
- 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
  - Implementation of budget reductions including conferences, overtime etc.
  - Special Education has expanded the inclusion program
  - Discussions have centered around providing additional High-Quality instructional programs
  - Additional CTE 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

- Anticipate Adoption of LCAP in May 2018
- “May Revise” will contain the actual assumptions which must support 2017-18 budget
- Balanced budget 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