



OUSD Proposed Preliminary Budget Report

June 14, 2022

Proposed Budget Overview



- ❑ Economic Background
- ❑ Proposition 98
- ❑ Increases to the Local Control Funding Formula (LCFF)
- ❑ Assumptions for the Proposed Budget
- ❑ Review 2022-23 Proposed Budget
 - ❑ Revenue and Expenditures
 - ❑ General Fund Unrestricted and Combined
 - ❑ Components of the Ending Fund Balance
- ❑ Multi-Year Projection
- ❑ Next Steps

Risks to the Budget and Long-Term Forecast

- The economy is facing significant headwinds and is beginning to enter turbulent territory
- Many factors pose significant risk to the economy, the State Budget, and the long-term forecast



Inflation and fears of prolonged inflation pose the most immediate risk to the economy

- Becoming widespread
- Could slow GDP
- Federal Reserve actions could cause a recession



Supply chain bottlenecks continue to aggravate supply and demand, which exacerbates inflationary pressures



The volatility of the stock market creates great uncertainty and risk for the economy and for state General Fund revenues because of our over-reliance on the state's wealthiest residents



The Ukraine-Russia War and potential surges in COVID-19 cases may worsen vulnerable economic conditions

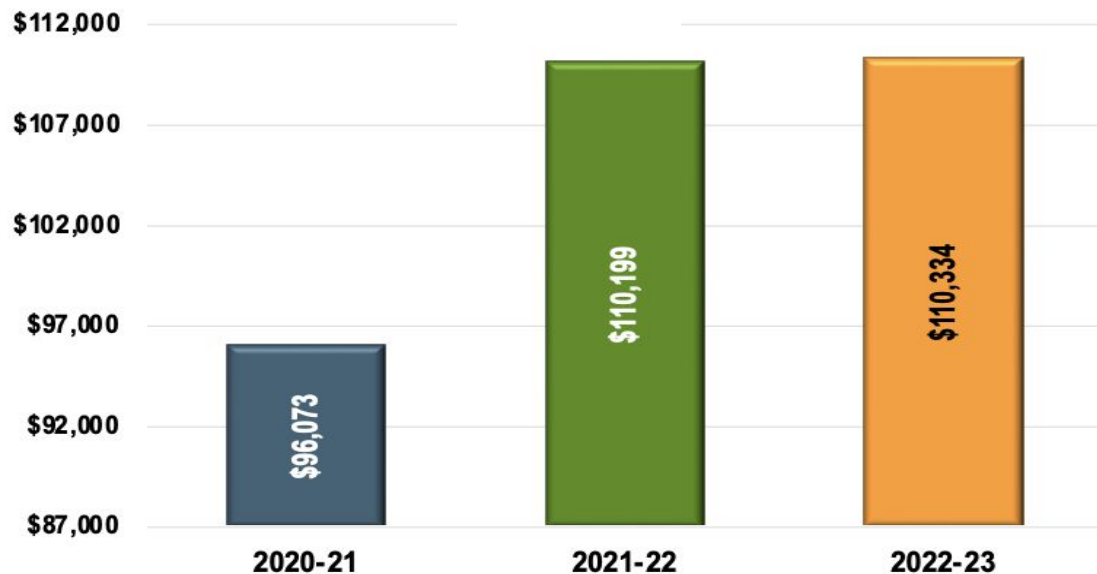
Proposition 98

- ❑ Proposition 98, passed by voters as an amendment to the California Constitution in 1988
- ❑ Proposition 98 requires a minimum percentage of the state budget to be spent on K-14 education, guaranteeing an annual increase in education in the California budget.
- ❑ As a result of Proposition 98, a minimum of 40% of California's general fund spending is mandated to be spent on education and the actual percentage of the general fund spent on education is over 50%.



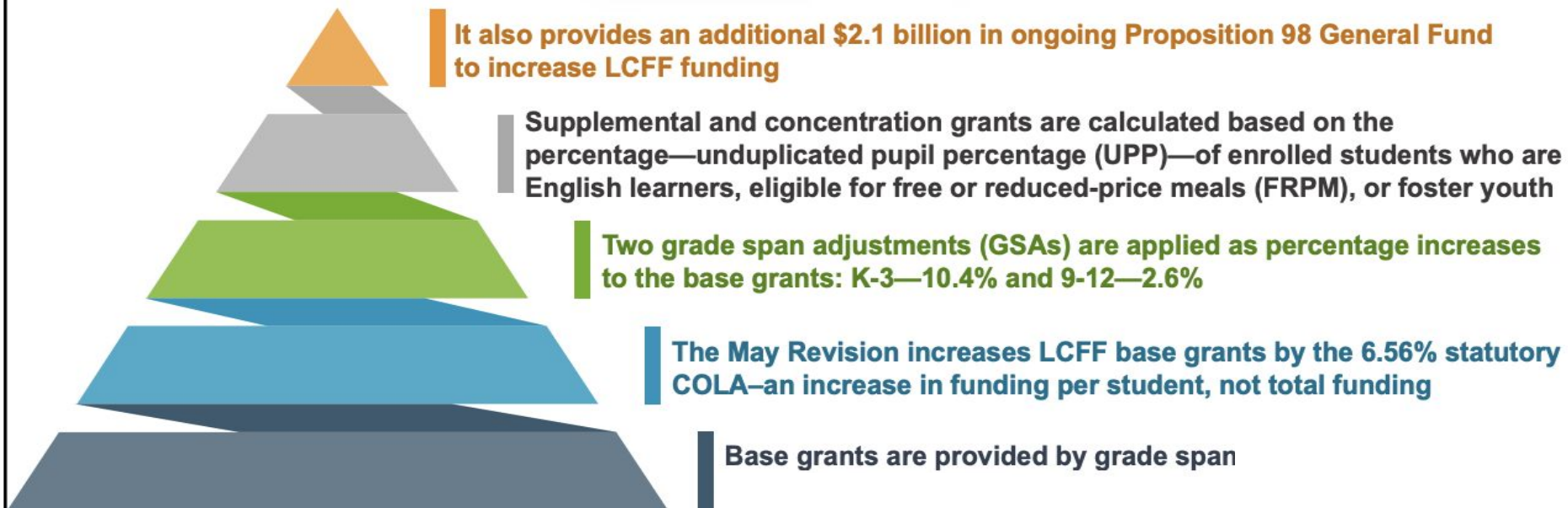
Proposition 98

Proposition 98 Minimum Guarantee



- Proposition 98 funding spikes by \$14.1 billion in the current year compared to 2020-21
- This is because the minimum guarantee tracks with state General Fund trends
- State General Fund revenue is estimated;
 - To increase by \$32.4 billion between 2020-21 and 2021-22
 - And increase only an additional \$184 million in 2022-23
- Consequently, the 2022-23 minimum guarantee flattens out

2022-23 LCFF Funding Factors



Governor's May Revision

2022-23 LCFF Funding Factors

Grade Span	K-3	4-6	7-8	9-12
2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
6.56% COLA	\$531	\$539	\$555	\$643
Additional LCFF Investment ¹	\$266	\$270	\$278	\$322
2022-23 Base Grant per ADA	\$8,890	\$9,024	\$9,291	\$10,767
GSA	\$925	—	—	\$280
2022-23 Adjusted Base Grant per ADA	\$9,815	\$9,024	\$9,291	\$11,047
20% Supplemental Grant per ADA (Total UPP)	\$1,963	\$1,805	\$1,858	\$2,209
65% Concentration Grant per ADA (UPP Above 55%)	\$6,380	\$5,866	\$6,039	\$7,181

¹SSC estimate of the impact the additional \$2.1 billion investment brings to LCFF funding by increasing the base rates

Other Budget “Hot Topics”

- ❑ LCFF Funding levels
- ❑ ELOP Funding
- ❑ Home to School Transportation
- ❑ Special Education Funding
- ❑ Mandated Block Grant

- ❑ K-12 School Facilities
- ❑ Deferred Maintenance
- ❑ Community Schools
- ❑ Math and Science Professional Development



OUSD Changes in ADA

	COVID	Hold Harmless	Current Year or Prior	Three year average	Three year average	Three year average
Fiscal Year	19/20	20/21	21/22	22/23	23/24	24/25
Actual ADA	16,292.7	Not Reported	14,844.60	N/A	N/A	N/A
ADA Funding Year	19/20	19/20	19/20	3 year average	3 year average	3 year average
ADA	16,292.7	16,292.7	16,292.7	15,759.99	15,163.18	14,439.48

Multi-Year Projection: Assumptions



	2022-2023	2023-2024	2024-2025
Attendance Ratio	91.31%	92.31%	92.32%
MYP COLA Revenue	6.56%	5.38%	4.02%
CalSTRS	19.10%	19.10%	19.10%
CalPERS	25.37%	25.20%	24.60%
Declining Enrollment	-410 students	-410 students	-410 students
Health and Welfare	7%	7%	7%
Increase in Utilities	10%	10%	10%
Step and Column Increases	1.5%	1.5%	1.5%

10% Reserve Cap- “Prop. 98 Reserve”

Reserve Cap

- **Senate Bill (SB) 751 (Hill, Statutes of 2017) sets the threshold for triggering the cap on district reserves and the limits of how much school districts can maintain in their local reserves**

Caps district reserves at 10% using assigned/unassigned ending balance of General and Special Reserve For Other Than Capital Outlay Fund

Exempts basic aid districts and districts with fewer than 2,501 ADA

Multi-Year Projection **Unrestricted** Summary



OCEANSIDE
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	2022-2023	2023-2024	2024-2025
Revenues	\$206,817,152	\$213,939,559	\$212,607,449
Expenses	\$167,041,077	\$170,922,796	\$174,596,177
Net Change in Fund Balance/ Deficit Spending	\$2,535,721	(\$9,589,720)	(\$16,403,938)
Beginning Fund Balance (7/1/22)	\$34,179,488	\$36,715,209	\$27,125,489
Ending Fund Balance (6/30/23)	\$36,715,209	\$27,125,489	\$10,721,551
Amount Needed to Meet Reserve	\$0	\$0	\$0
Reserve (3%) Calculated on the Expenditures on the Combined Summary	\$8,294,927	\$7,949,305	\$8,112,621

Multi-Year Projection **Combined** Summary



	2022-2023	2023-2024	2024-2025
Revenues	\$278,114,479	\$255,340,687	\$254,190,749
Expenses	\$276,497,565	\$264,359,853	\$269,791,557
Net Change in Fund Balance/ Deficit Spending	\$1,616,914	(\$9,019,166)	(\$15,600,807)
Beginning Fund Balance (7/1/22)	\$42,377,143	\$43,994,056	\$33,702,493
Ending Fund Balance (6/30/23)	\$43,994,056	\$33,702,493	\$18,101,685
Ending Fund Balance: Restricted Amount	\$8,197,653.64	\$6,577,004	\$7,380,134
Nonspendable + Other Commitments	\$16,661,122.36	\$872,532	\$872,532
Adjusted Ending Fund Balance	\$19,135,280	\$27,998,021	\$9,849,019
Reduction Amounts Needed to Meet Reserve (3%)	\$0	\$0	\$0
Reserve (3%) Calculated on the Expenditures on the Combined Summary	\$8,294,927	\$7,949,305	\$8,112,621

Components of Ending Fund Balance



	Estimated Actuals for 21-22	Proposed Budget for 22-23
Non-spendable (Stores, Revolving Cash, Prepaid Expenditures (SERP in 21-22))	\$2,976,314.55	\$360,032
Restricted (Title I, Title III, Medi-cal, Lottery, COVID Funding)	\$8,197,653.64	\$7,278,845.64
Committed <ul style="list-style-type: none"> 21-22 Post-Retirement GASB 43/45 22-23 Post-Retirement GASB 43/45, LCFF Supplemental/Concentration Carryover, and Declining Enrollment Mitigation (1 year) 	\$512,500	\$8,699,324
Assigned <ul style="list-style-type: none"> 21-22 Technology Refresh and Investments, ADA Stabilization Plan, LCFF Supplemental/Concentration Carryover, Declining Enrollment Mitigation (2 years), Instructional Materials 22-23 Technology Refresh and Investments, Deferred Maintenance, ADA Stabilization Plan (2 years), Instructional Materials 	\$22,347,234.98	\$19,360,921.53
Reserve (3%) Calculated on the Expenditures on the Combined Summary	\$8,343,434	\$8,294,927

Actions to Ensure Fiscal Solvency

- ❑ Continue collaborating with San Diego County Office of Education
- ❑ Closely monitor student enrollment and adjust Classified and Certificated staffing accordingly
- ❑ Reduce staff as funding timelines expire
 - ❑ Restricted funds: Titles, Grants, and COVID
- ❑ Evaluate Health and Welfare costs
- ❑ Identify possible reductions in contracted services
- ❑ Continue to incorporate updated revenue and expenditures as they become available for current and multi-year projections

Budget: Next Steps

- ❑ Approve and Adopt the Final Budget on June 28, 2022
- ❑ Complete the Year-End Close and Unaudited Actuals
- ❑ Present the Unaudited Actuals/Revised Budget on September 13, 2022

*Thank
you*