





2022-23 PROPOSED BUDGET

May 19, 2022

Presenters:

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Presentation Overview



State Economic Outlook



Fiscal Impact to Orange Unified



2022-23 State Budget Update



Next Steps



STATE ECONOMIC OUTLOOK

California Economic Outlook

- State revenues are above projections
 - January 2022 – An additional \$45 B above adopted budget (Governor's Proposed Budget)
 - May 2022 - An additional \$29 B (School Services of California)
 - Total Variance \$74 B
- 38% of General Fund allocate to K-14 Education
 - January 2022- \$16 B in proposed additional education funding
 - May 2022 - \$12 B in projected additional funding (May Revise Report)
 - \$28 B in additional K-14 Funding since the Adoption of 2021-22 State Budget Act
- Unemployment rates falling (EDD Office)
 - March 2021 8.3%
 - February 2022 5.3%
 - March 2022 4.9%



2022-23 LOCAL CONTROL FUNDING FORMULA

(Proposed Governor's Budget in January)

\$3.3 Billion

Funds the 5.33% statutory COLA
April 29 – 6.56% COLA Announced

\$70.5 Billion

Total 2022-23 LCFF funding

\$587

Approximate average increase in per-pupil funding
(individual amounts will vary)

Average ADA

Proposed change to help school districts with the
fiscal impacts of declining enrollment



2022-23 LCFF FUNDING FACTORS

- The Governor's Budget proposes a 5.33% COLA for 2022-23, 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	2021–22 Base Grant per ADA	5.33% COLA	2022–23 Base Grant per ADA	Grade Span Adjustment	2022-23 Adjusted Base Grant per ADA
K–3	\$8,093	\$431	\$8,524	\$886	\$9,410
4–6	\$8,215	\$438	\$8,653	-	\$8,653
7–8	\$8,458	\$451	\$8,909	-	\$8,909
9–12	\$9,802	\$522	\$10,324	\$268	\$10,592



2022-23 LCFF FUNDING FACTORS

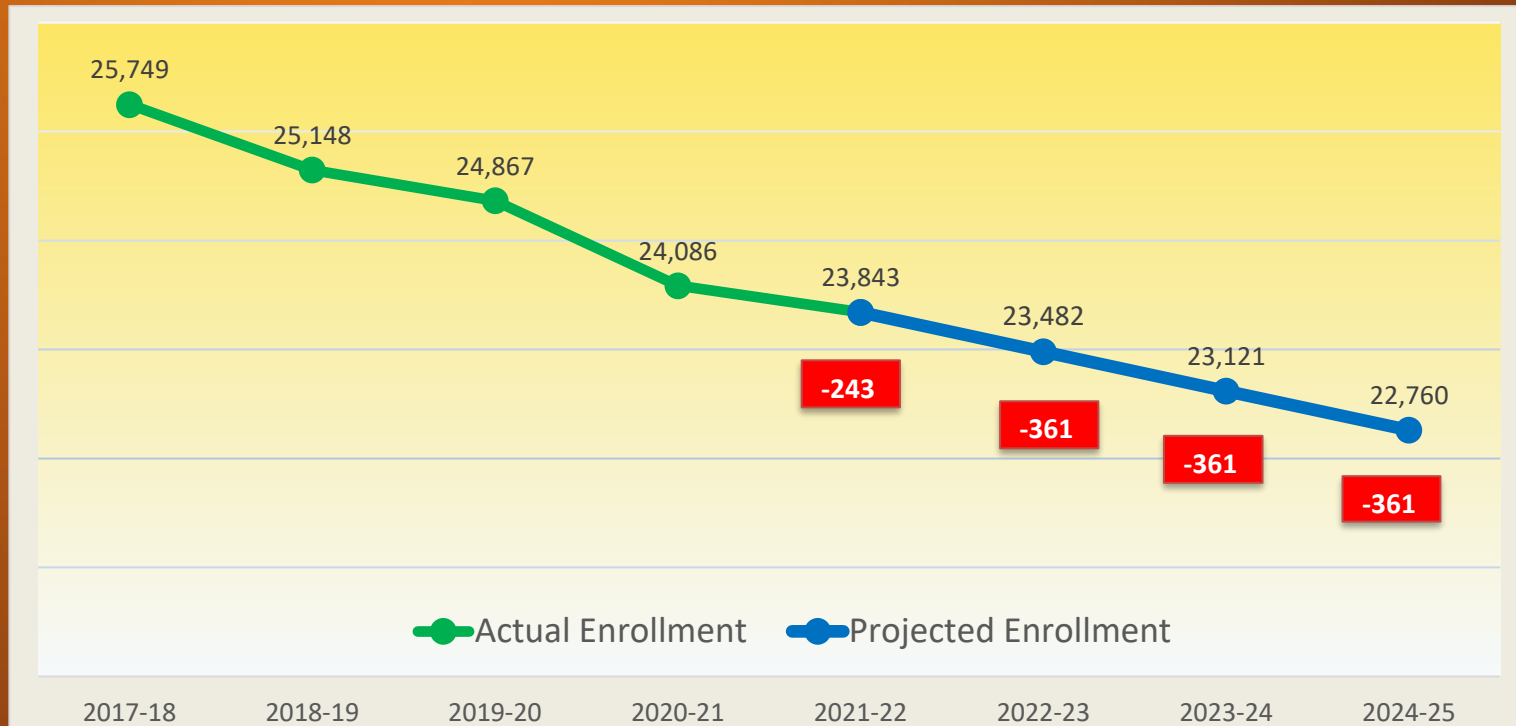
- Supplemental and concentration (S/C) grants are calculated based on the percentage of a local educational agency's (LEA) enrolled students who are English learners, free and reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

Grade Span	2022-23 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA—Total UPP	65% Concentration Grant per ADA—UPP Above 55%
K–3	\$9,410	\$1,882	\$6,117
4–6	\$8,653	\$1,731	\$5,624
7–8	\$8,909	\$1,782	\$5,791
9–12	\$10,592	\$2,118	\$6,885



FISCAL IMPACT TO OUSD

OUSD HISTORICAL ENROLLMENT (EXCLUDING CHARTER SCHOOLS)



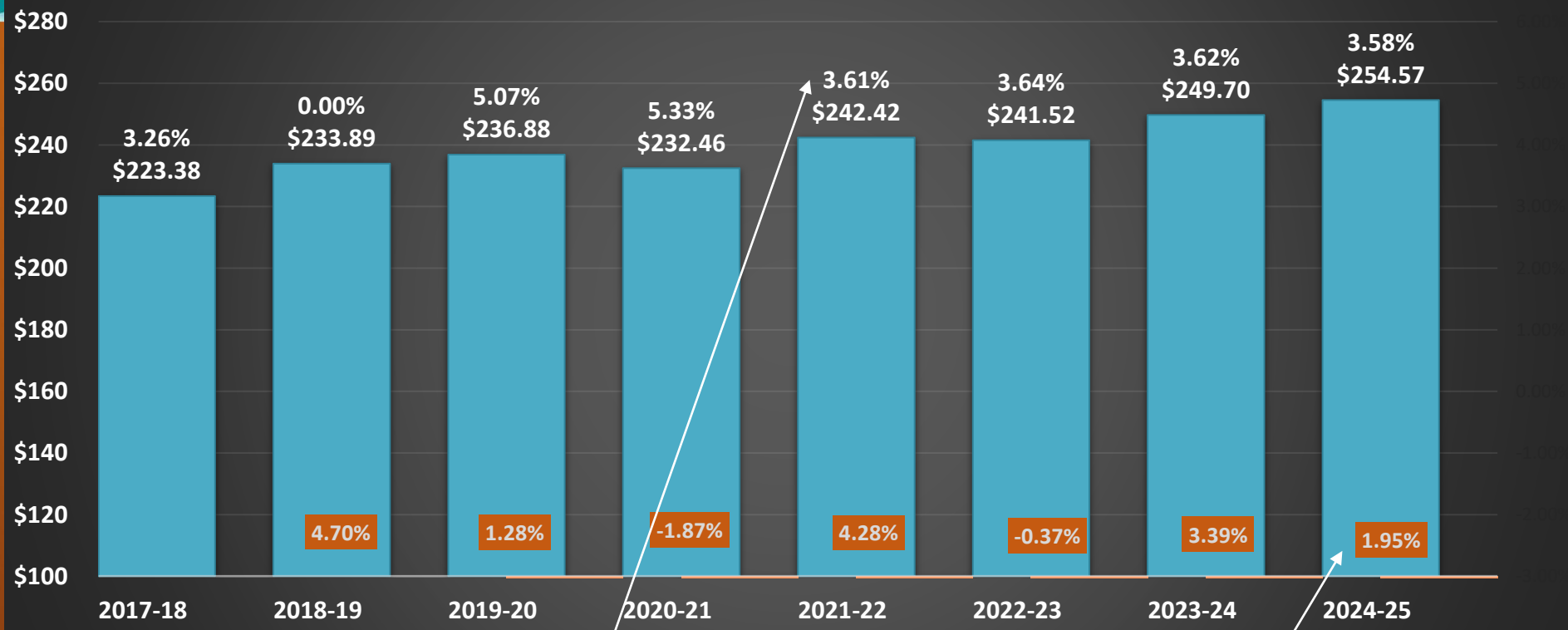
ENROLLMENT AND ADA PROJECTIONS

- Enrollment projected to decline an additional 361 every year
- Hold Harmless funding not continuing
- 2022-23 funding based on the traditional model of higher of current or previous year ADA

Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25
Enrollment	24,086	23,843	23,482	23,121	22,760
Change in Enrollment		(243)	(361)	(361)	(361)

Funded ADA	23,971	23,886	22,604	22,568	22,207
Change in Funding		(85)	(1,283)	(36)	(361)

Local Control Funding Formula (Reported in Millions) (Based on the Governor's January Update)



Cost of Living Adjustment

Net Change in Funding

Multi-Year General Fund Projections

	2021-22	2022-23	2023-24	2024-25
Fund 01 General Fund	Estimated	Proposed	Projected	Projected
TOTAL REVENUES	\$ 359,211,786	\$ 341,135,095	\$ 341,661,443	\$ 334,090,499
TOTAL EXPENDITURES	347,817,884	337,655,706	335,166,857	334,894,624
INCREASE (DECREASE) IN FUND BALANCE	11,393,902	3,479,389	6,494,586	(804,125)
BEGINNING BALANCE	89,668,585	101,062,487	104,541,876	111,036,462
PROJECTED ENDING BALANCE	101,062,487	104,541,876	111,036,462	110,232,337
Fund 17.0 Special Reserve Other Than Capital Outlay (OPEB)	632,238	388,547		
COMBINED ENDING FUND BALANCE	101,694,725	104,930,423	111,036,462	110,232,337

	2021-22	2022-23	2023-24	2024-25
PROJECTED ENDING BALANCE	\$101,694,725	\$104,930,423	\$111,036,462	\$110,232,337
Stores and Revolving Cash	703,986	703,986	703,986	694,606
Restricted Programs Balance:	15,127,044	14,434,555	11,797,384	9,332,847
Assignments:				
•Attract & Retain Program	3,331,067	3,071,067	2,811,067	2,551,067
•District Priorities (OPEB)	632,238	0	0	0
•Pension Obligations	4,268,975	0	0	0
•Personnel Vacancies	0	10,700,417	10,700,417	13,541,576
•Site Carryover - Donations	881,000	881,000	881,000	881,000
•Vacation Liability	4,072,465	0	0	0
Commitments:				
•Textbook Adoption		10,485,830	10,485,830	10,485,830
•Replacement and Updating Technology		9,630,413	9,630,413	9,630,413
•Enrollment Decline (500 students)		7,971,181	7,971,181	7,971,181
•Essential Workers (Covid Funding)		7,263,267	7,263,267	7,263,267
•ADA Stabilization Plan - 2 years		5,356,972	5,356,972	5,356,972
•Pension Obligations		4,268,975	4,268,975	4,268,975
•Vacation Liability		4,072,465	4,072,465	4,072,465
•Facility Maintenance		3,376,557	3,376,557	3,376,557
•Bus Replacements		2,000,000	2,000,000	2,000,000
•District Program Priorities		1,600,651	1,600,651	1,600,651
•Fiscal Emergencies		0	8,992,095	10,689,111
Contingency/Unappropriated:				
•3% Reserve for State Required Contingency	10,434,537	10,129,671	10,055,006	10,046,839
•Unappropriated Fund Balance	62,243,413	8,983,416	9,069,196	6,468,980
Unappropriated Fund Balance Percentage	17.90%	2.66%	2.71%	1.93%



2022-23 STATE BUDGET UPDATES

2022-23 STATE BUDGET PRIORITIES BLUEPRINT

SENATE DEMOCRATS RELEASE- AS REPORTED BY SCHOOL SERVICES OF CALIFORNIA

- Ongoing Local Control Funding Formula Increases, above projected COLA
- One-Time Funding
 - COVID-related Learning Recovery Block Grant
 - Student Enrichment Materials in Music, Arts, Technology and Instructional materials
- Universal Home-to-School Transportation without fees
- Additional funding for School Facilities
 - Transitional Kindergarten (TK) and K-12 deferred maintenance
- Successful Implementation of programs from 2021 State Enacted Budget
 - Universal School Meals
 - Expanded Learning
 - Transitional Kindergarten (TK)
- Increase in Preschool reimbursement rates and stabilize state preschool program



NEXT STEPS

Next Steps

Local Level

- 2022-23 LCAP and Budget Adoption at June 2, 2022 Meeting
- Submit Approval and Budget to Orange County Education for Authorization
- 45-Day Budget Revision at July 21, 2022 Meeting

State Level

- Governor's May Revision Proposal (May 20, 2022)
- Budget Approval by June 30, 2022



BOARD MEMBER QUESTIONS OR COMMENTS