

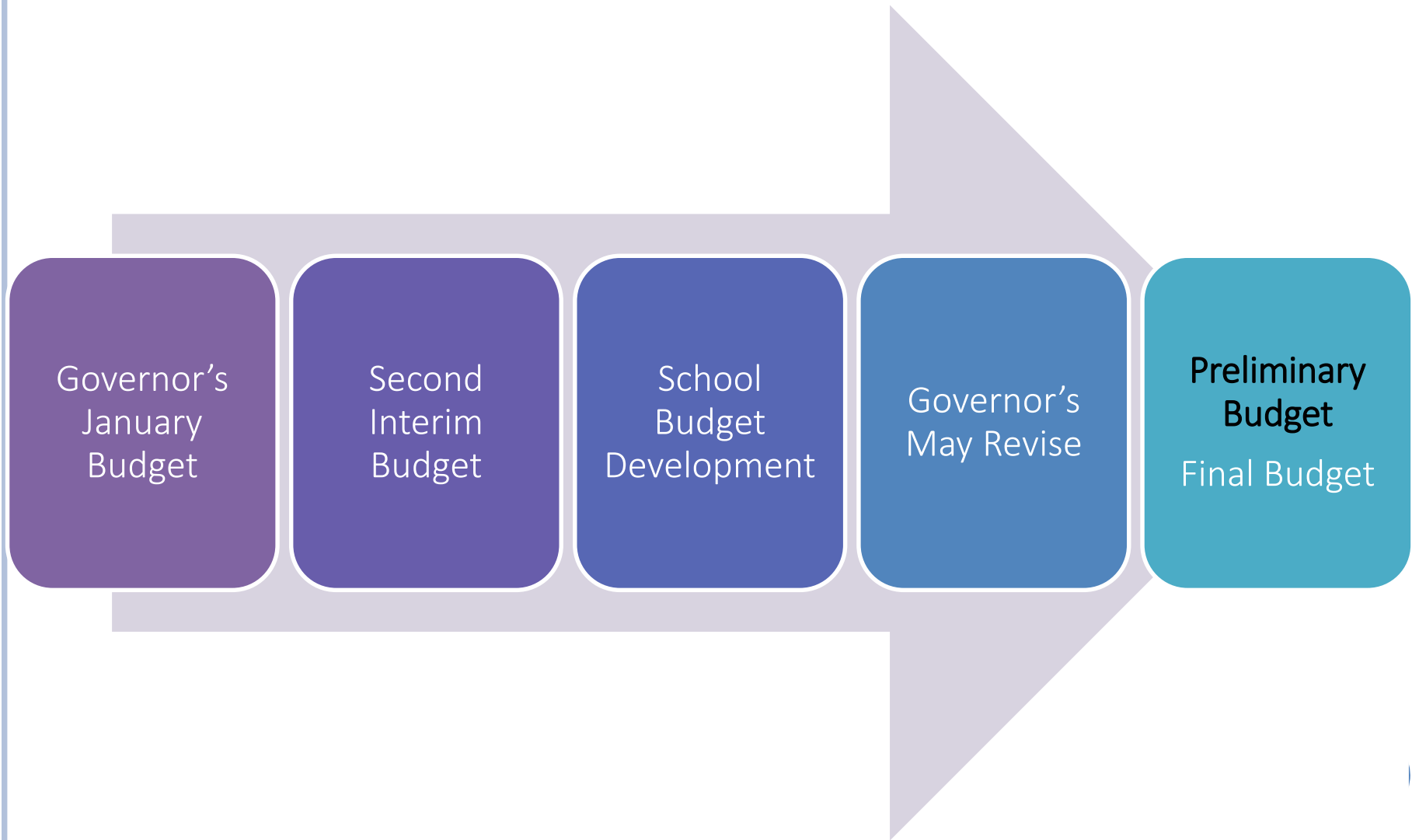
Preliminary Budget Adoption 2021-22

June 8, 2021

Presented by:
Carol Hansen, Ed.D., Superintendent
Michael Conroy, Ed.D., Deputy Superintendent
Keith Farrow, Director of Fiscal Services



Budget Calendar



2021-22 Preliminary Budget

Presentation Components

- ✓ Budget Assumptions
- ✓ Declining Enrollment
- ✓ General Fund
 - Summary
 - Encroachment impact
- ✓ General Fund
 - Budget Summary &
Multi-Year Projections (MYP)
- ✓ Cash Flow
- ✓ Significant Budget Challenges
- ✓ CBO Recommendations

Important Rate Assumptions

	2021-22 Preliminary	2022-23 Projected	2023-24 Projected
COLA (Statutory)	5.07%	2.48%	3.11%
STRS Employer Rates <i>Increase over prior year</i>	16.92% <i>+0.77%</i>	19.10% <i>+2.18%</i>	19.10% <i>+0%</i>
PERS Employer Rates <i>Increase over prior year</i>	22.91% <i>+2.21%</i>	26.1% <i>+3.19%</i>	27.1% <i>+1%</i>
State Unemployment Insurance Rates <i>Increase over prior year</i>	1.23% <i>+1.2225%</i>	1.23% <i>+0%</i>	1.23% <i>+0%</i>

District “Cost of Opening the Doors” Annual Increases Assumptions

Increased Costs	2021-22 Preliminary	2022-23 Projected	2023-24 Projected
Step & Column	(\$727,987)	(\$732,712)	(\$731,339)
CalPERS Annual Adj.	\$339,693	\$479,248	\$151,361
CalSTRS Annual Adj.	(\$246,919) \$(92,774)	(\$1,378,372) \$899,124	(\$151,361) \$0
Total Cost Increases	(\$974,906)	(\$2,111,084)	(\$882,700)
+ / - LCFF Revenue	\$4,453,696	(\$3,236,736)	(\$783,876)
Net Impact	\$3,478,790	(\$5,347,820)	(\$1,666,576)

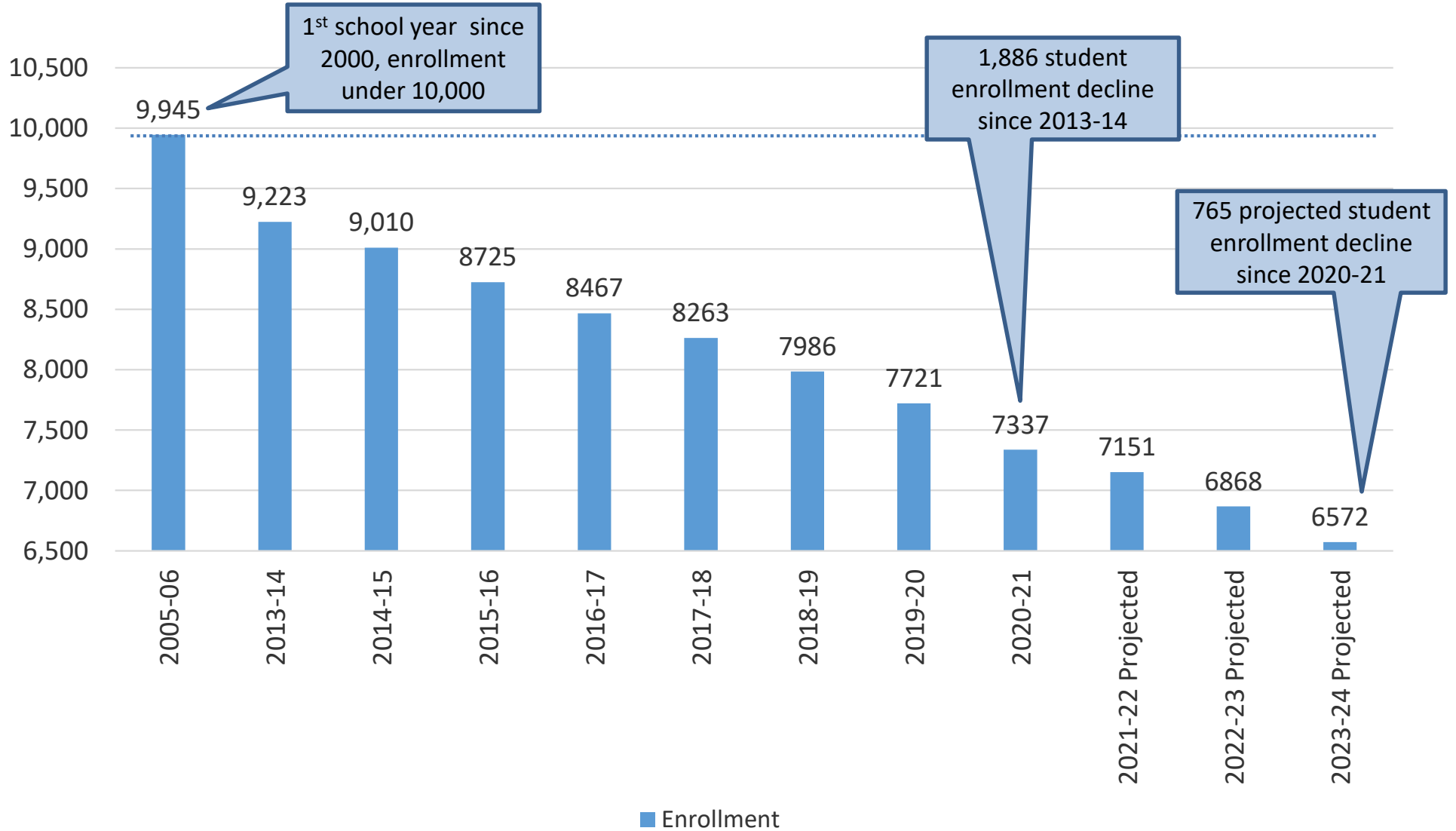
Local Control Funding Formula Assumptions

- The forecasted \$54 billion deficit of one year ago is a distant memory
- Leading up to the May Revision, Governor Gavin Newsom announced that the state was facing \$100 billion surplus.
- Receive or will receive over \$29 million in Federal and State COVID related stimulus one-time funds
- An increase in LCFF funding from 0% COLA in 2020-21 to 5.07% in LCFF funding in 2021-22.
- 2021-22 Unrestricted GF Personnel related costs of 90.2%
- Special Education encroachment 15% of LCFF revenues received

Budget Assumptions

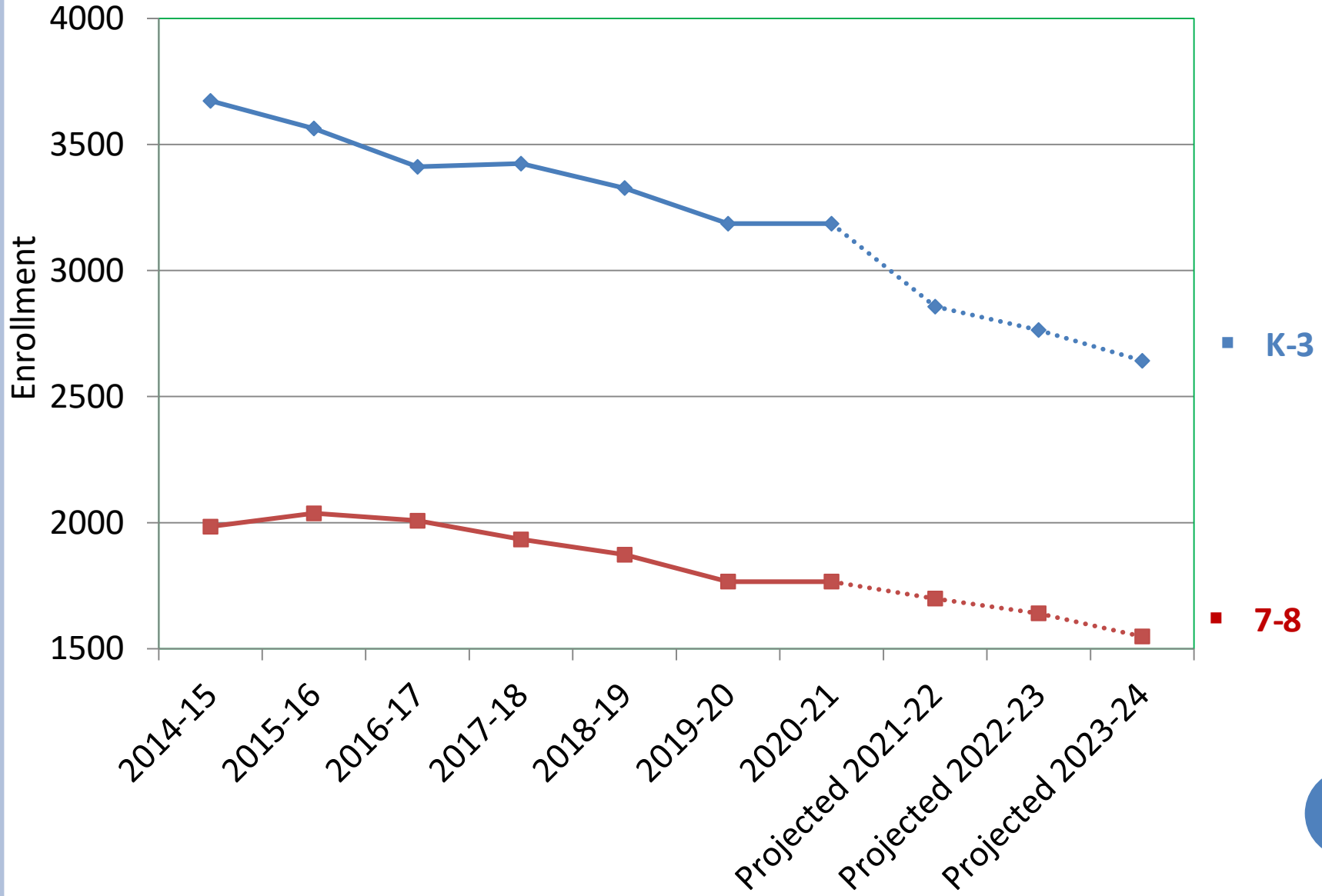
- Local Control Funding Formula
 - COLA updated to 5.07%
 - Estimated 3-year average unduplicated pupil count at 57.2%
- Enrollment decline
 - 2013/14 -- 2020/21
 - (1,886)
 - Projected Enrollment decline 2020/21 -- 2023/24
 - (765)
- STRS & PERS additional retirement contributions
- Fund 12 Child Care/Preschool self-supporting by 2023-24
- In 2021-22 and 2022-23 using one time Federal Stimulus to retain existing teachers to mitigate learning loss
- Release approximately 30 teachers and respective Classified support staff 2023-24

Declining Enrollment



Enrollment Changes	-213	-285	-258	-204	-277	-265	-384	-186	-283	-296
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K-3 to 7-8 ADA Comparison

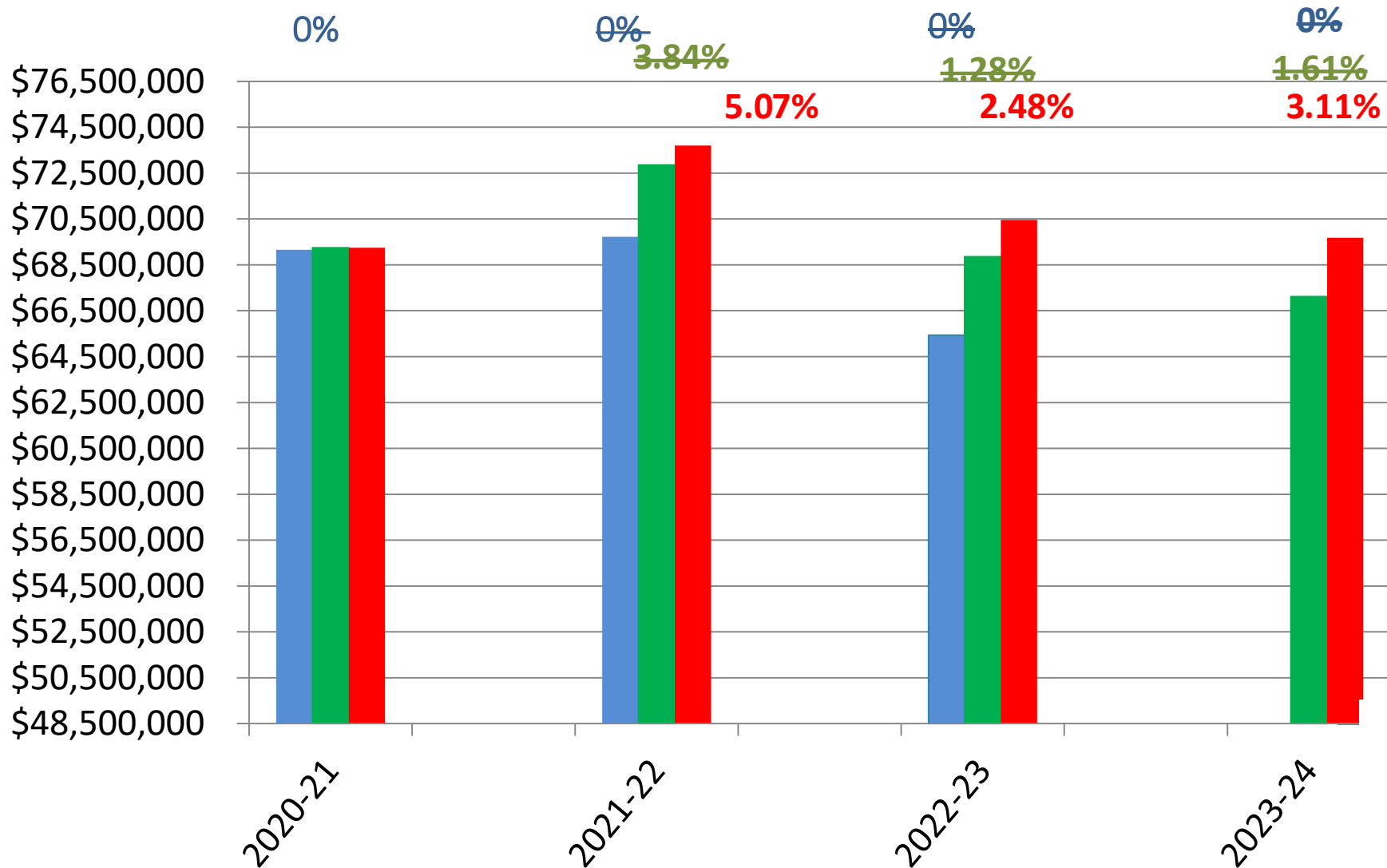


LCFF Revenue/COLA Projections

1st Interim Projections

2nd Interim Projections

May Revise



OVSD Budget Challenges

The District does not have a
Revenue problem,

The District has a **SPENDING** problem

The District can no longer “kick the can down the road.”

Unrestricted General Fund Summary

GF Unrestricted	2020-21 Estimated Actuals	2021-22 Preliminary	2022-23 Projected	2023-24 Projected
TOTAL Revenues	\$71,823,314	\$76,235,652	\$72,998,916	\$72,215,040
TOTAL Expenditures Including Transfers Out	\$59,059,241	\$59,753,336	\$60,687,179	\$60,195,136
Surplus/Deficit	\$12,764,073	\$16,482,316	\$12,311,737	\$12,019,904

Contributions to District Programs 'Encroachment'

Encroachment to the General Fund	2020-21 Estimated Actuals	2021-22 Preliminary
Category 1 Encroachment		
Special Education* % of LCFF Revenues	\$10,991,425 15.87%	\$11,449,861 15.54%
Routine Maintenance	\$2,985,098	\$2,722,023
Classified Summer Assistance Program	\$28,232	\$0
TOTAL#	\$14,004,755	\$14,371,884

*NOTE: Special Education encroachment is in addition to the \$6.5 million the District already receives

#NOTE: Total Encroachment 20% of LCFF revenues received

Unrestricted General Fund Summary

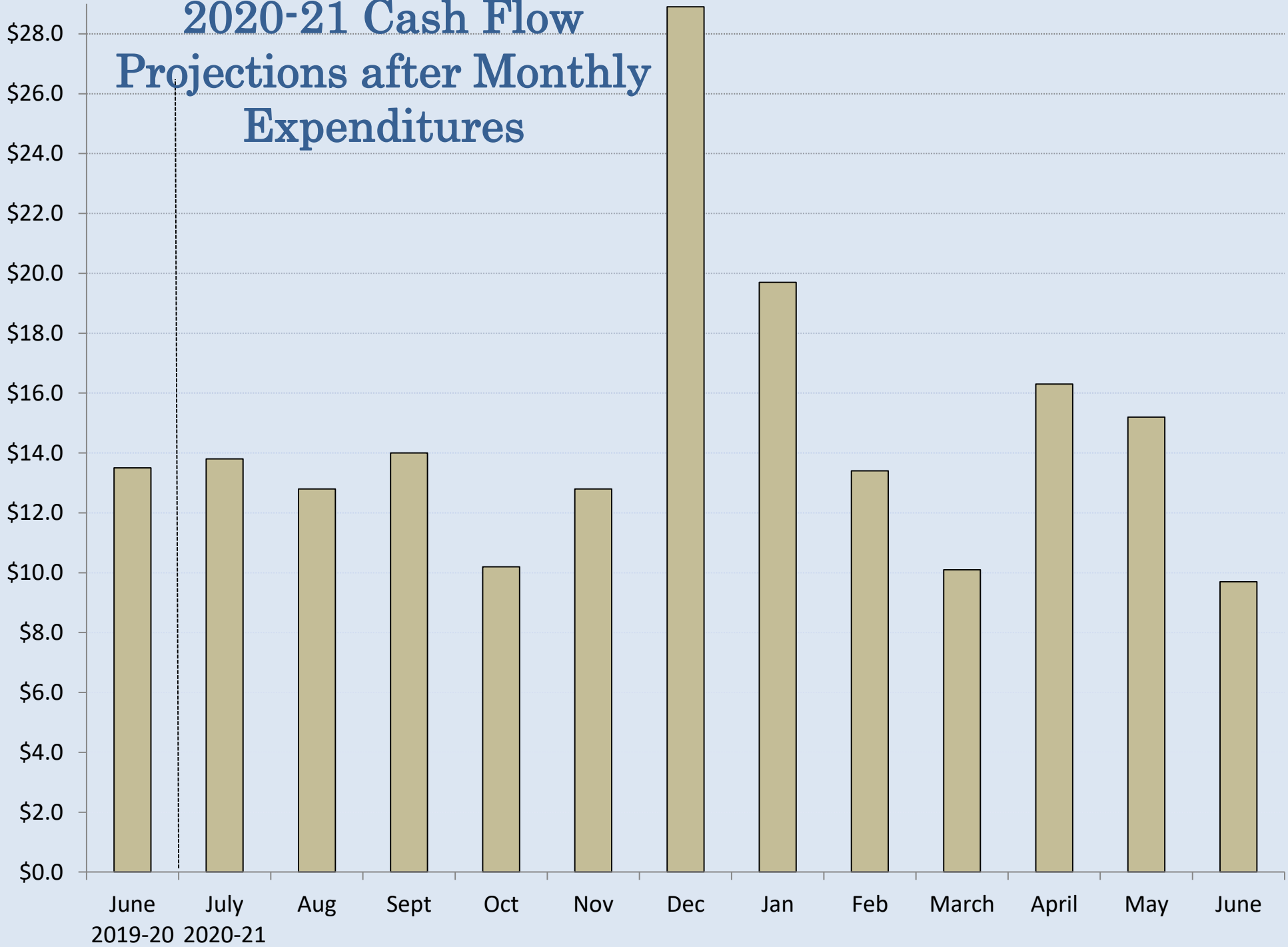
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Surplus/Deficit	\$12,764,073	\$16,482,316	\$12,311,737	\$12,019,904
Contributions - Encroachment	\$14,004,755	\$14,371,884	\$13,491,293	\$13,426,293
Net Surplus/Deficit	(\$2,689,513)	(\$2,110,432)	(\$1,429,556)	(\$1,406,388)

Combined GF Balance Summary and MYP

GF Combined	2021-22 Preliminary	2022-23 Projected	2023-24 Projected
Revenues <i>(All revenue sources)</i>	\$94,654,166	\$88,791,278	\$86,168,948
Expenditures <i>(including Transfers In/Out)</i>	\$90,437,244	\$91,283,566	\$89,111,498
Net Inc / (Dec) in Fund Balance	\$4,216,923	(\$2,492,288)	(\$2,942,549)
Beginning Balance	\$16,779,171	\$20,996,094	\$18,503,806
Ending Balance % of Expenditures	\$20,996,094 23.22%	\$18,503,806 20.27%	\$15,561,256 17.46%
Components of Ending Fund Balance <small><i>(Revolving Cash, Stores, Legally Restricted Balance, School Site Donations, COMMITTED-Infrastructure Sustainability)</i></small>	\$8,379,364	\$7,002,631	\$5,466,470
3% REU	\$2,718,117	\$2,743,507	\$2,678,345
Unassigned/Unappropriated % of Expenditures	\$9,898,613 10.95%	\$8,757,668 9.59%	\$7,416,441 8.32%

2020-21 Cash Flow Projections after Monthly Expenditures

In \$ Millions

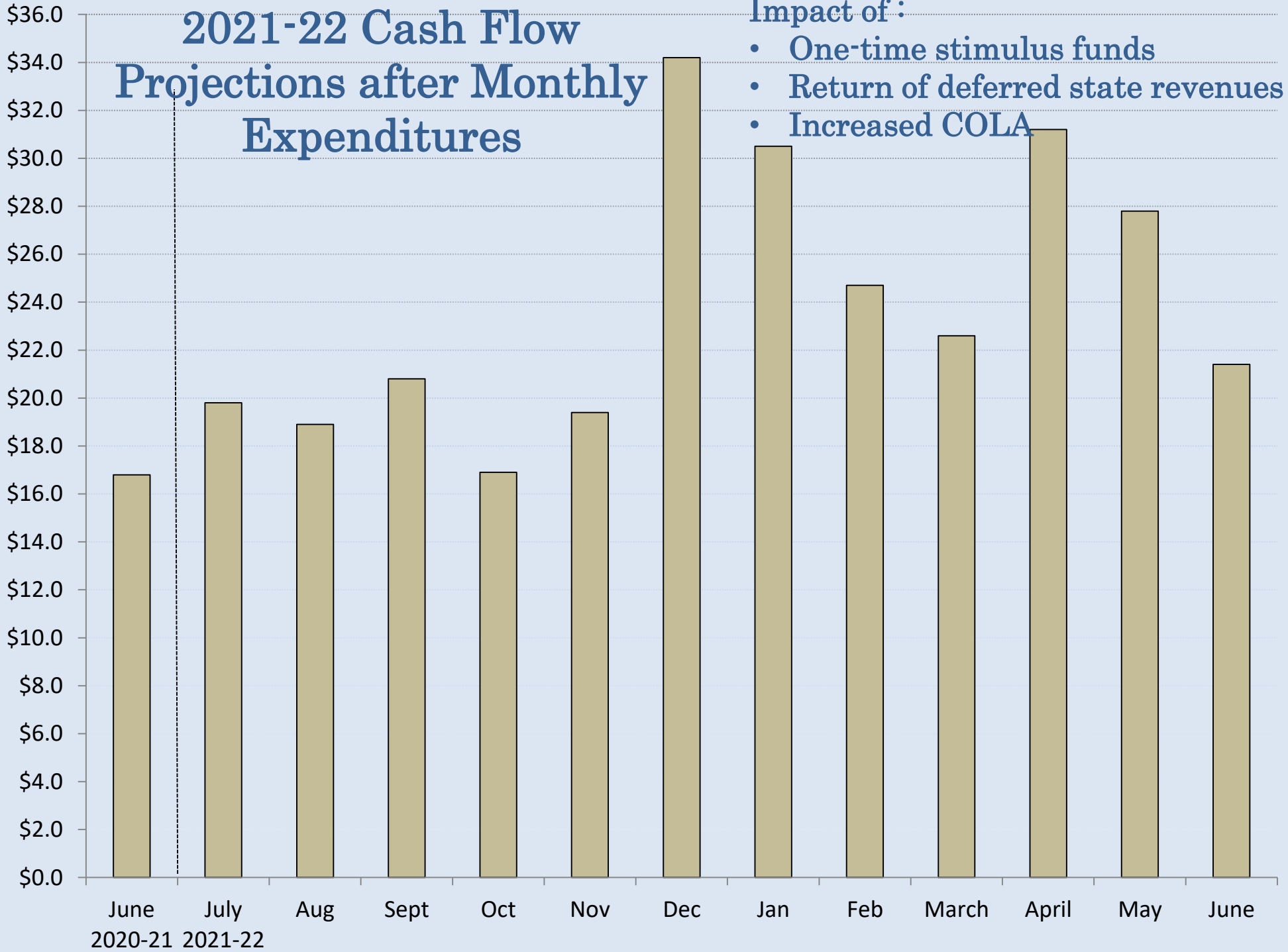


Ending Cash Balance

2021-22 Cash Flow Projections after Monthly Expenditures

- Impact of:
- One-time stimulus funds
 - Return of deferred state revenues
 - Increased COLA

In \$ Millions



Ending Cash Balance

5 Significant OVSD Budget Challenges

- | | |
|-------------|---|
| Challenge 1 | Declining Enrollment |
| Challenge 2 | Low School Enrollments |
| Challenge 3 | Encroachment
<i>(19% of all revenues spent on Spec Ed)</i> |
| Challenge 4 | High Personnel related budget
<i>(90%+ total expenditures)</i> |
| Challenge 5 | Infrastructure Sustainability* |
- Textbook adoptions
 - Technology infrastructure
 - Technology device replacement
 - Facilities/IT/Food Services White Fleet replacement
 - Portable Classroom replacement

*NOTE: Requires a Resolution to commit these Reserves

5 Significant OVSD Budget Challenges

CBO Recommendations

1. Establish a Committed Reserve for Infrastructure Sustainability
 2. Reduce total personnel expenses to 85%
 3. Reduce encroachment/contribution in all areas, especially Special Education
 4. Close schools and redefine school boundaries
- A. Board direction
- i. Establish a Committed Reserve
- B. 2021-22 Recommendations
- i. Explore options for addressing low school enrollment, high personnel costs, and special education encroachment

Questions...

