

Ocean View School District

2nd Interim Budget

March 9, 2021

Presented by:

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Purpose

- Multi-Year Projections
- Budget Assumptions
- Enrollment/ADA
- Budget Projections
 - Revenue
 - Expenditure
- Encroachment
- Net Revenue and Expenditure Comparison
- Expenditure Priorities
- Budget Challenges
- Next Steps

Multi-Year Projections

The MYP projects total General Fund revenues and expenditures for the budget year and the two ensuing fiscal years. The projections are only estimates and actual outcomes could vary substantially.

The MYP forecasts are based on certain criteria, information available at the time, and assumptions rather than on exact calculations.

MYP forecasting models should be evaluated as a trend based on certain criteria and assumptions rather than a prediction of exact numbers.

To evaluate the MYP, attention is focused on the bottom line, which demonstrates the district's undesignated, unappropriated fund balance.

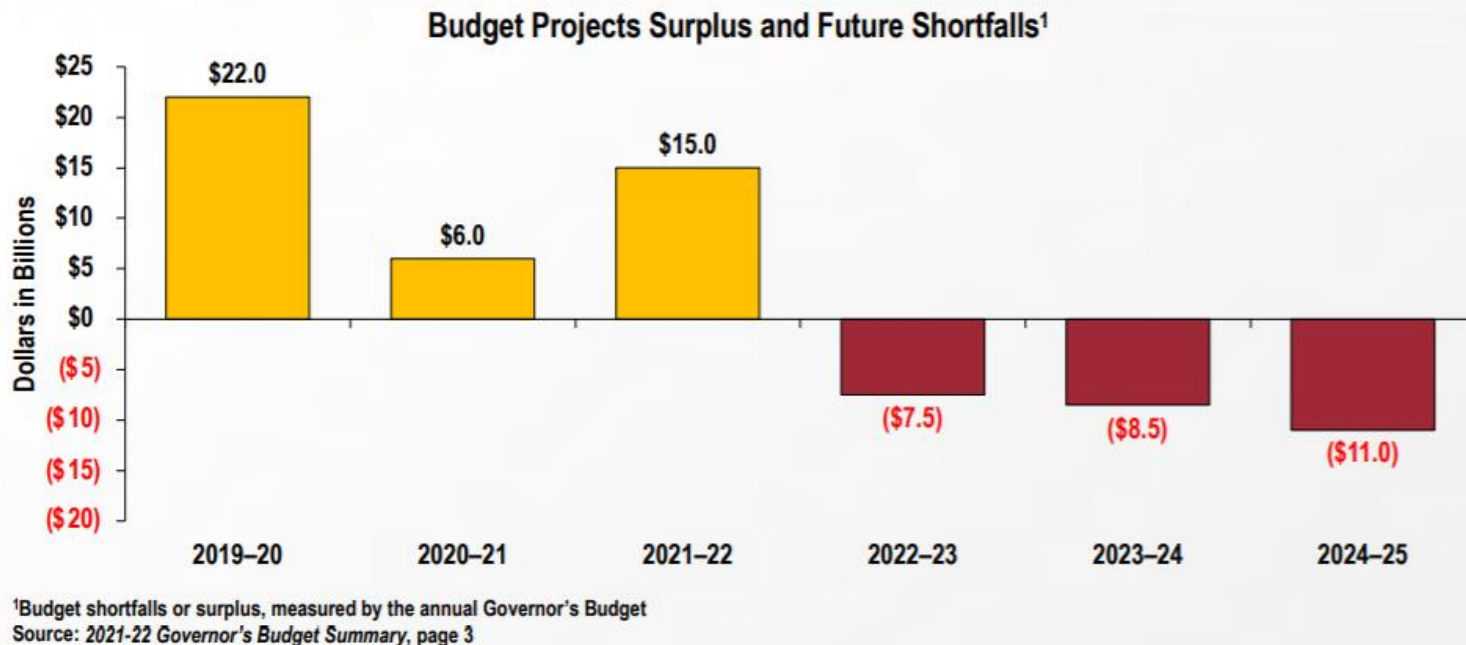
Budget Assumptions

- Step and Column salary increase estimate for both certificated 1.5% and classified 0.75% in 2021-22, 2022-23, and 2023-24
- Continued encroachment/contributions
- Transportation reduction beginning 2021-22
- Child Care/Preschool reduction beginning 2021-22
- Increase in unduplicated student count percentage = Concentration Grant funds

Budget Assumptions

- Apportionments Deferred
 - 2020-21 February, March, April, May, and June deferred into 2021-22
 - No addition deferrals projected beyond 2020-21
- 3-Year Multi-Year Projection
 - 1st Interim Assumptions provided no COLA:
 - 2020-21 0.00%
 - 2021-22 0.00%
 - 2022-23 0.00%
 - 2023-24 0.00%

LAO's 2021-22 Fiscal Outlook



State Has Significant Windfall to Allocate in 2021-22, but Faces Multiyear Challenges. The state budget faces challenges over the longer term. In particular, the administration anticipates the state would have operating deficits if the Legislature adopted the Governor's budget proposals, reaching \$11.3 billion in 2024-25.

Budget Assumptions

Assembly Member Patrick O'Donnell, *former teacher and Chair of the Assembly Education Committee:*

"While our unexpected budget surplus is welcome news, we must exercise restraint, as future budgets are not anticipated to be as positive. Paying down long term debt, such as employer PERS/STRS pension liabilities, is a smart use of general fund dollars that will enable school districts to focus spending on students."

Budget Assumptions

- 3-Year Multi-Year Projection
 - The 2nd Interim Assumptions COLA projections:
 - 2020-21 0.00%
 - 2021-22 3.84%
 - 2022-23 1.28% (School Services of California Projections)
 - 2023-24 1.61% (School Services of California Projections)

Budget Assumptions

- Lowered STRS and Increased PERS District Contributions

•2020-21	STRS 16.15%	PERS 20.70%
•2021-22	STRS 15.92%↓	PERS 23.00%↑
•2022-23	STRS 18.00%↑	PERS 26.30%↑
•2023-24	STRS 18.00%	PERS 27.30%↑

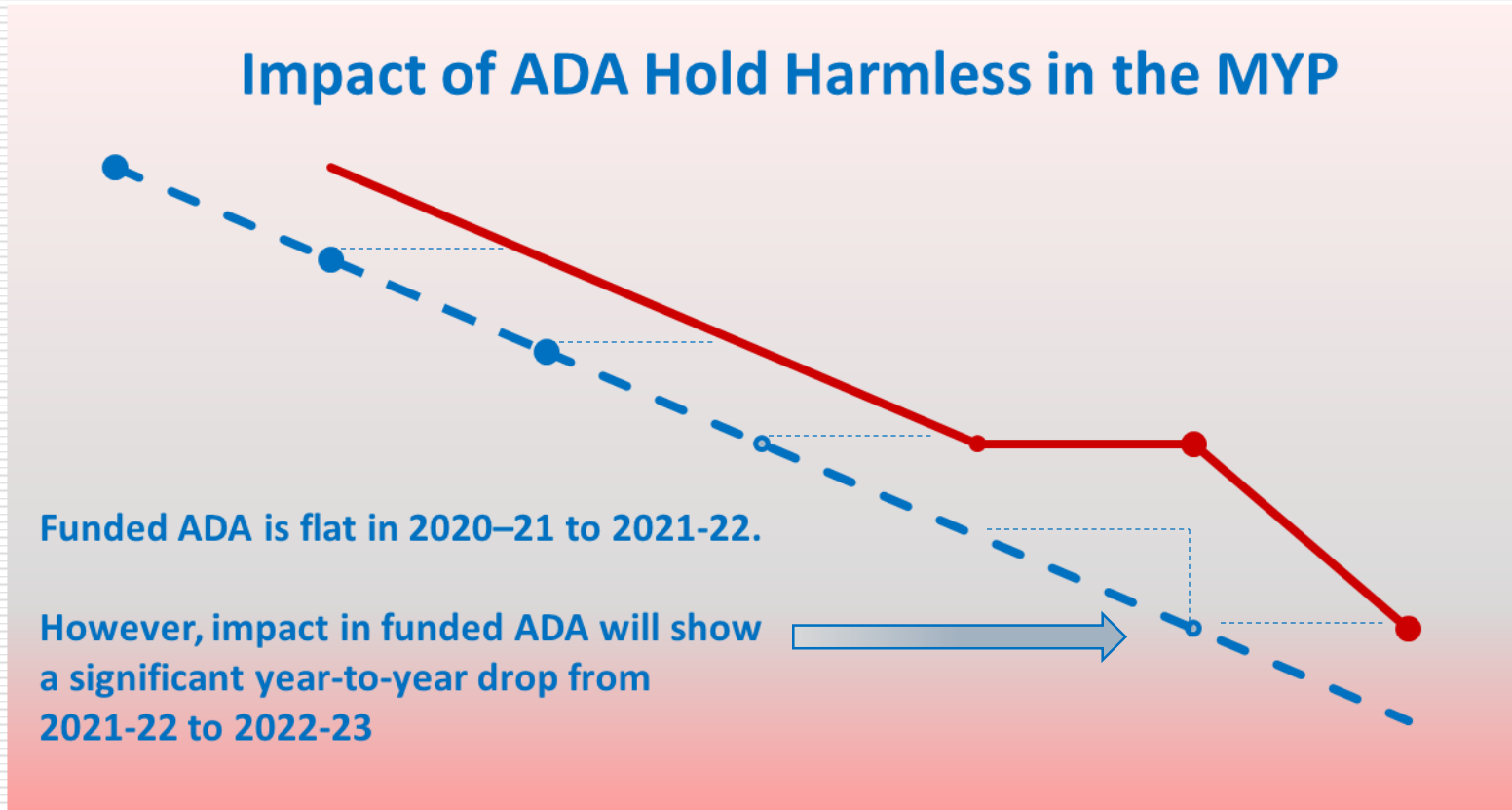
1.85% Increase in STRS

6.6% Increase in PERS

- CalPERS projections are built on a model that requires growing employer contributions.

Source: School Services of California, "CalPERS System Funded Levels Increase" 11-23-2020

Impact of COVID ADA Hold-harmless



2016-17

2017-18

2018-19

2019-20

2020-21

2021-22

2022-23

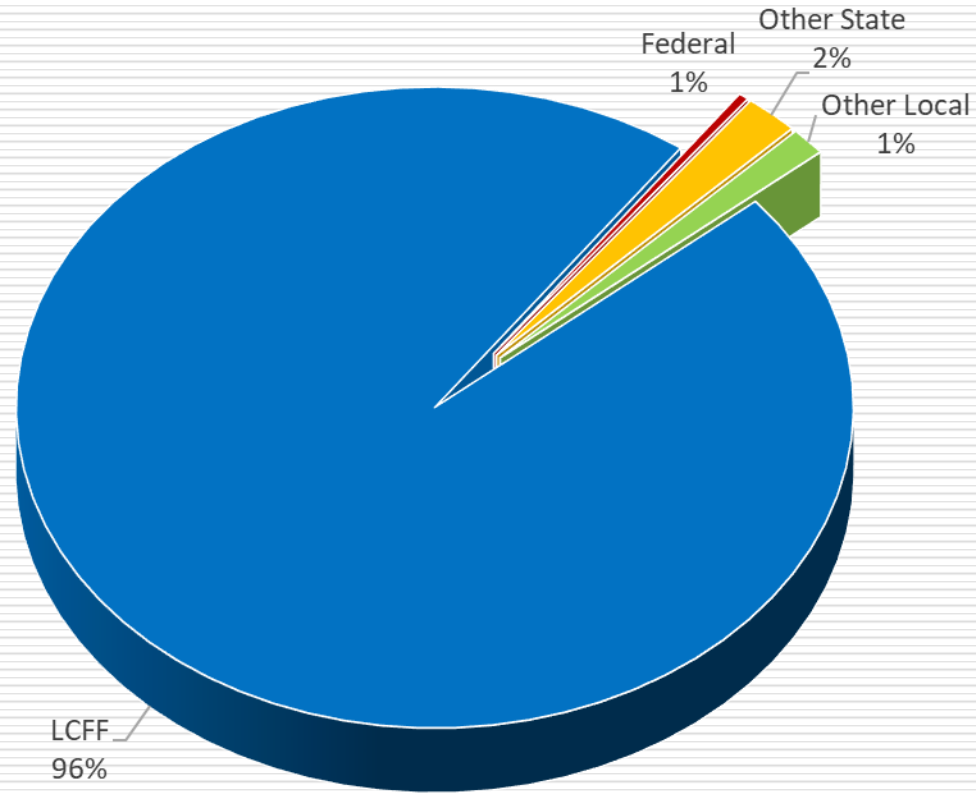
— Funded ADA ● - Declining ADA

Unrestricted Revenues

The District has budgeted \$72,010,390 in total unrestricted revenues for 2020-21.

The majority of District funding comes from the State Local Control Funding Formula sources, \$69,242,838.

The District also incurs \$15,175,102 in District contributions to cover other District programs that are NOT fully funded, i.e. district and county Special Education, Fund 12 Child Care & Preschool programs, Routine Restricted Maintenance, and Transportation. This represents 21% of Unrestricted Revenues that go directly to support these programs.

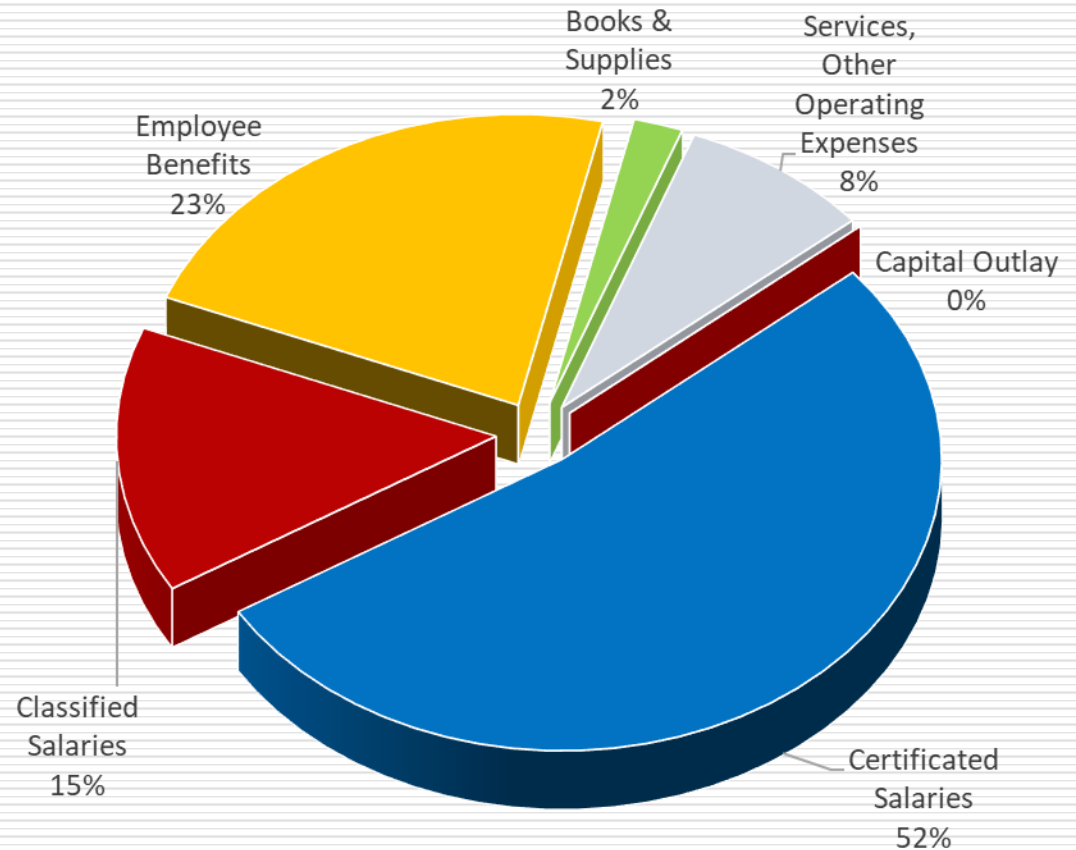


Unrestricted Expenditures

The District has budgeted \$60,023,110 in expenditures for 2020-21.

Education is a service related industry, consequently spends the majority share of its budgetary resources in personnel related areas.

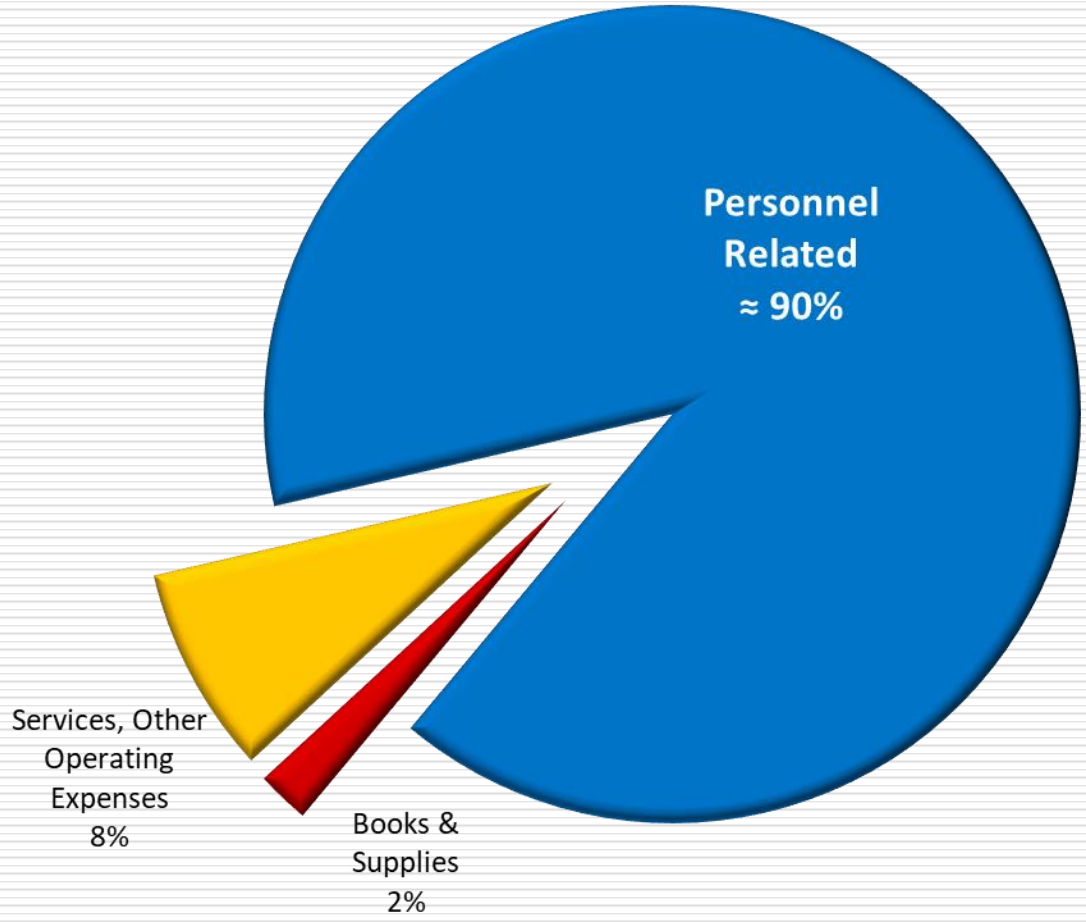
Employee salaries account for 67% of all expenses and employee benefits alone account for 23%. All personnel related expenses comprise approximately 90% of all District expenses, leaving only 10% for District operational needs.



Unrestricted Expenses

The District's percentage* of Personnel related expenses to total expenses continues to increase.

Year	Percentage*
2017-18	89%
2018-19	90%
2019-20	92%
2020-21	90% projected



* Percentages may differ from actuals due to rounding decimals

Unrestricted Multi Year Projections

2nd Interim MYP Overview 2020-21 thru 2023-24

GF Unrestricted	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Revenues	\$72,010,391	\$75,622,048	\$71,623,001	\$69,885,845
Expenditures	\$60,023,110	\$59,164,034	\$60,498,603	\$61,723,478
Increase/Decrease	\$11,987,281	\$16,458,014	\$11,124,398	\$8,162,367

2nd Interim

Contributions to District Programs

District Contributions to the General Fund	2020-21
Special Education	\$10,719,061
Routine Restricted Maintenance	\$2,979,733
Classified School Employee Summer Assistance Program	\$28,232
2 nd INTERIM TOTAL	\$13,727,026

Interfund Contributions from the Unrestricted General Fund	2020-21
Fund 12 (Child Care & Preschool)	\$1,448,830

Encroachment to the General Fund	2020-21
Encroachment/District Contributions to the General Fund	\$13,727,026
Fund 12 (Child Care & Preschool)	\$1,448,830
2 nd INTERIM TOTAL	\$15,175,856

Unrestricted Multi Year Projections

1st Interim MYP Overview 2020-21 thru 2022-23

GF Unrestricted	2020-21 1 st Interim	2021-22 Projected	2022-23 Projected
Revenues	\$71,970,036	\$72,543,605	\$68,244,870
Encroachment (1st Interim)	(\$15,378,102)	(\$14,188,920)	(\$14,188,920)
Net Revenues	\$56,591,934	\$58,354,685	\$54,055,950
Expenditures	\$60,778,598	\$59,972,705	\$60,829,342
Increase/Decrease	(\$4,186,663)	(\$1,618,021)	(\$6,773,392)
Beginning Fund Balance	\$15,611,811	\$11,425,148	\$9,807,127
Ending Fund Balance	\$11,425,148	\$9,807,127	\$3,033,735
Emergency Reserve	\$6,499,022	\$5,069,565	\$242,507

Unrestricted Multi Year Projections

2nd Interim MYP Overview 2020-21 thru 2023-24

GF Unrestricted	2020-21 2 nd Interim	2021-22 Projected	2022-23 Projected
Revenues	\$72,010,391	\$75,622,048	\$71,623,001
Encroachment (2nd Interim)	(\$15,175,856)	(\$13,844,642)	(\$13,844,642)
Net Revenues	\$56,834,535	\$61,777,405	\$57,778,358
Expenditures	\$60,023,110	\$59,164,034	\$60,498,603
Increase/Decrease	(\$3,188,575)	\$2,613,371	(\$2,720,245)
Beginning Fund Balance	\$15,611,811	\$12,423,236	\$15,036,608
Ending Fund Balance	\$12,423,236	\$15,036,608	\$12,316,363
Emergency Reserve	\$8,083,288	\$10,898,766	\$8,138,484

Unrestricted Multi Year Projections

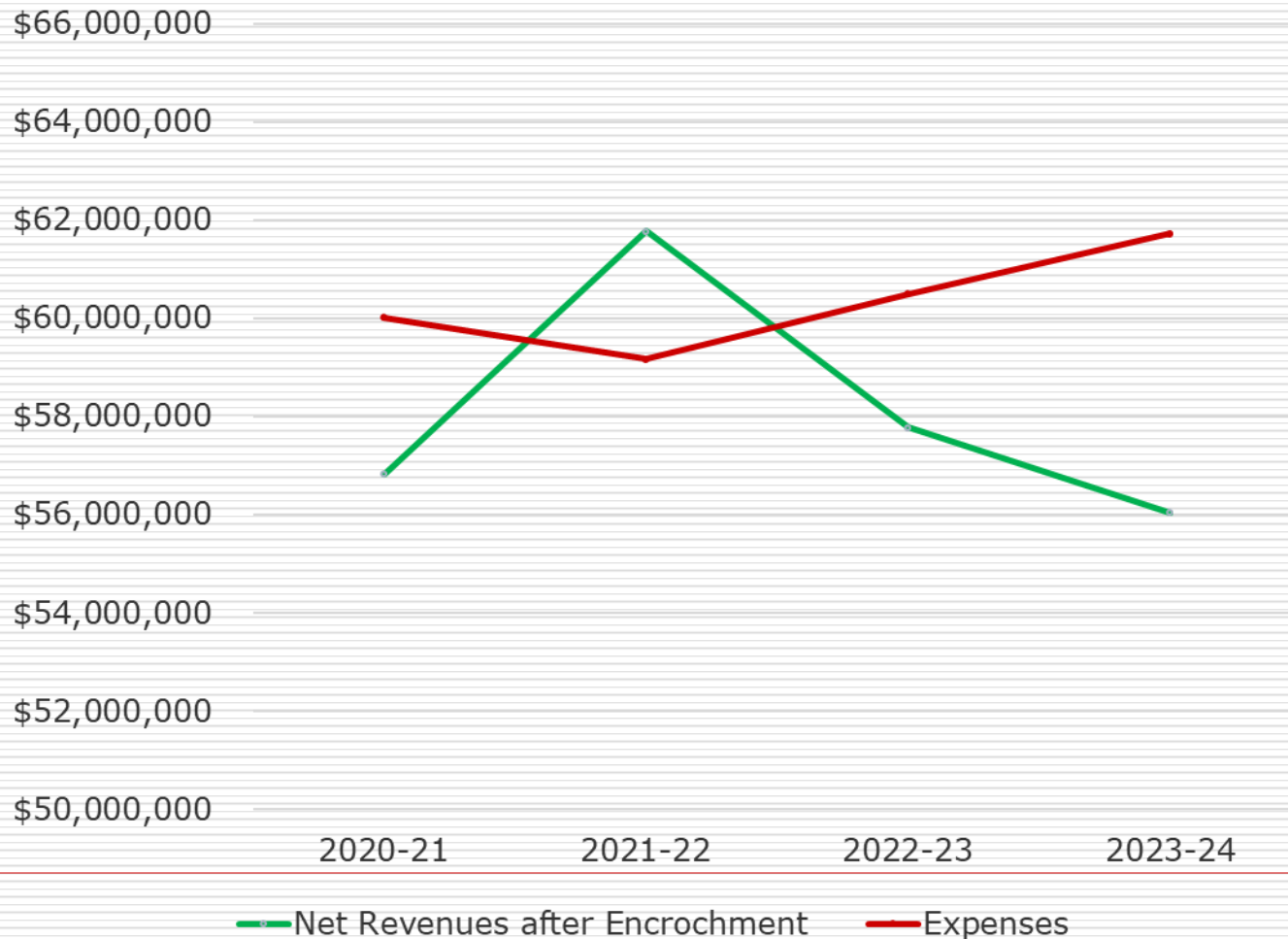
2nd Interim MYP Overview 2020-21 thru 2023-24

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Revenues	\$72,010,391	\$75,622,048	\$71,623,001	\$69,885,845
Encroachment (2nd Interim)	(\$15,175,856)	(\$13,844,642)	(\$13,844,642)	(\$13,844,642)
Net Revenues	\$56,834,535	\$61,777,405	\$57,778,358	\$56,041,202
Expenditures	\$60,023,110	\$59,164,034	\$60,498,603	\$61,723,478
Increase/Decrease	(\$3,188,575)	\$2,613,371	(\$2,720,245)	(\$5,682,276)
Beginning Fund Balance	\$15,611,811	\$12,423,236	\$15,036,608	\$12,316,363
Ending Fund Balance	\$12,423,236	\$15,036,608	\$12,316,363	\$6,634,088
Emergency Reserve	\$8,083,288	\$10,898,766	\$8,138,484	\$2,418,492

June Budget Adoption 2021-22

Multi-Year Projection

Net Revenue & Expenditure Comparison



Priority of Expenditures

Essential – absolutely must have to operate district or school, i.e. classroom teacher salary

Necessary – important component to operate district or school but could do without, i.e. replacement technology, Facilities vehicle

Discretionary -- nice to have, routine and everyday expenditures, i.e. office supplies, photo copies, new technology

5 Significant OVSD Budget Challenges

Challenge 1	Declining Enrollment
Challenge 2	Low School Enrollments
Challenge 3	Encroachment <i>(21% of Unrestricted Revenues directly to support programs)</i>
Challenge 4	High Personnel related budget <i>(90% Unrestricted Budget)</i>
Challenge 5	Economic Impact of COVID-19

NOTE: all negatively & directly impact the District's deficit spending trends

Next Steps

March 9, 2021

- Approve 2nd Interim Budget
 - “Positive” Self-Certification

March - June

- Development of 2021-22 District budget assumptions, Staffing, Enrollment, etc.

May

- Governor’s Budget Proposal (May Revision)
 - Budget and program impacts for 2021-22

June

- Adopted Budget 2021-22