

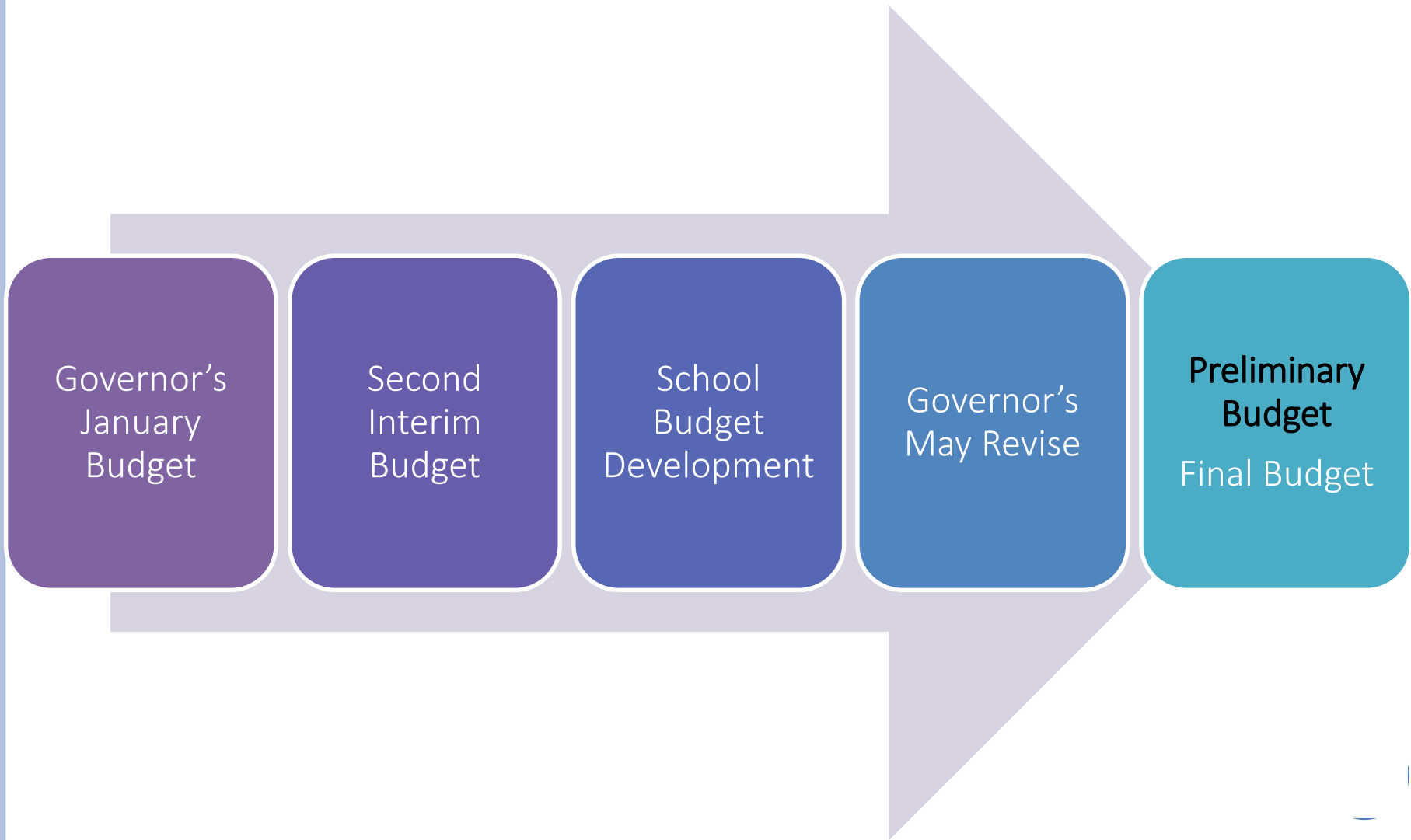
Preliminary Budget 2019-20

June 11, 2019

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



Budget Calendar




Each New Budget Adds a Subsequent Third Year


2018-19
Budget




2018-19



2019-20



2020-21




3 months ago

2019-20
Budget



2019-20



2020-21



2021-22



2019-20 Preliminary Budget

Components

LCFF Information

Budget Assumptions

General Fund Revenue

General Fund Expenses

Encroachment

District Challenges

2019-20 LOCAL CONTROL FUNDING FORMULA

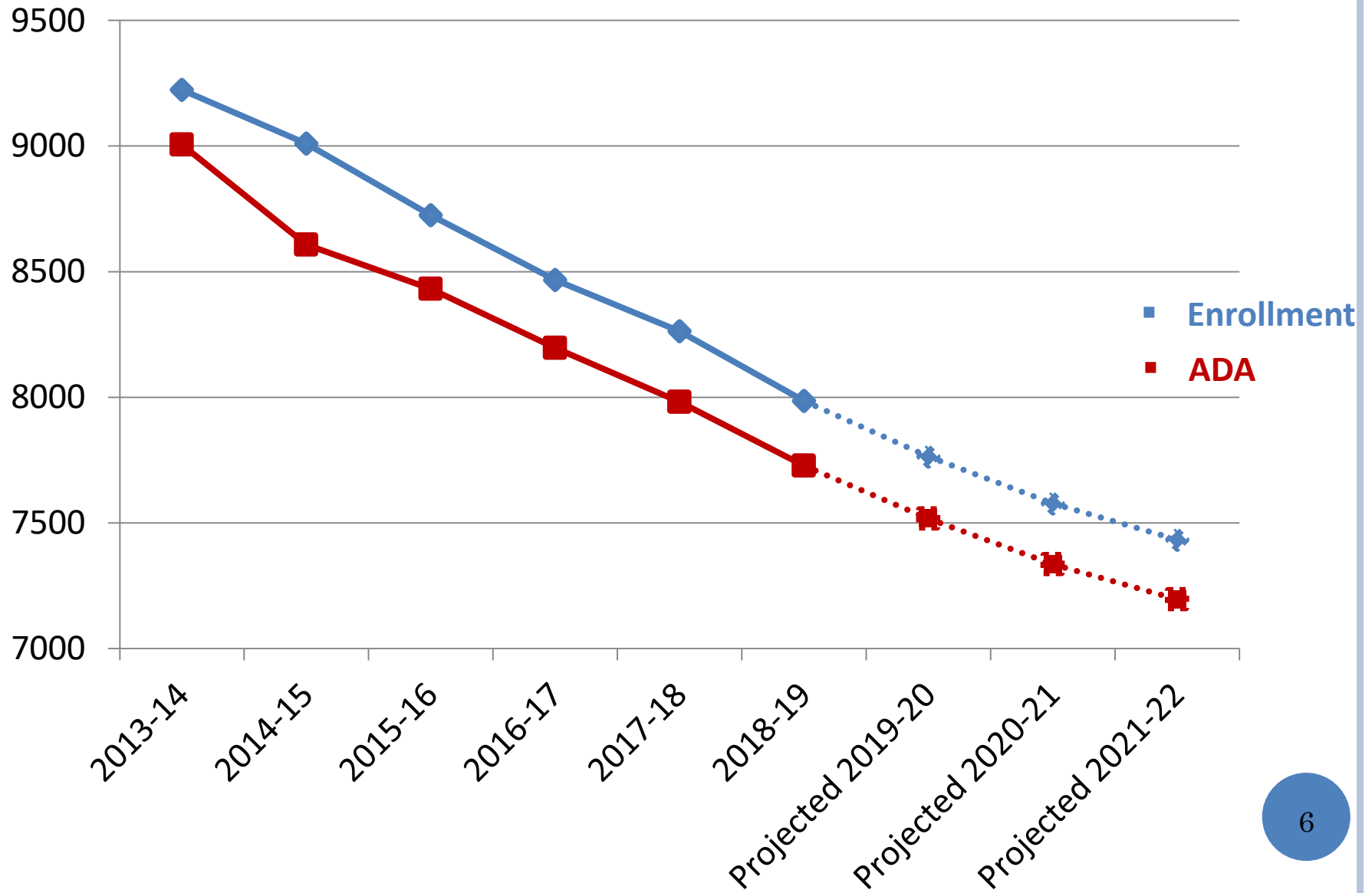
- The January Budget proposed \$2.023 billion for continued implementation of the LCFF
- May Revision proposes \$1.959 billion for continued implementation of the LCFF, down \$63.9 million from the January Governor's Budget
- A decrease in LCFF funding from the 3.46% COLA to 3.26% on LCFF base grant targets

Ocean View School District

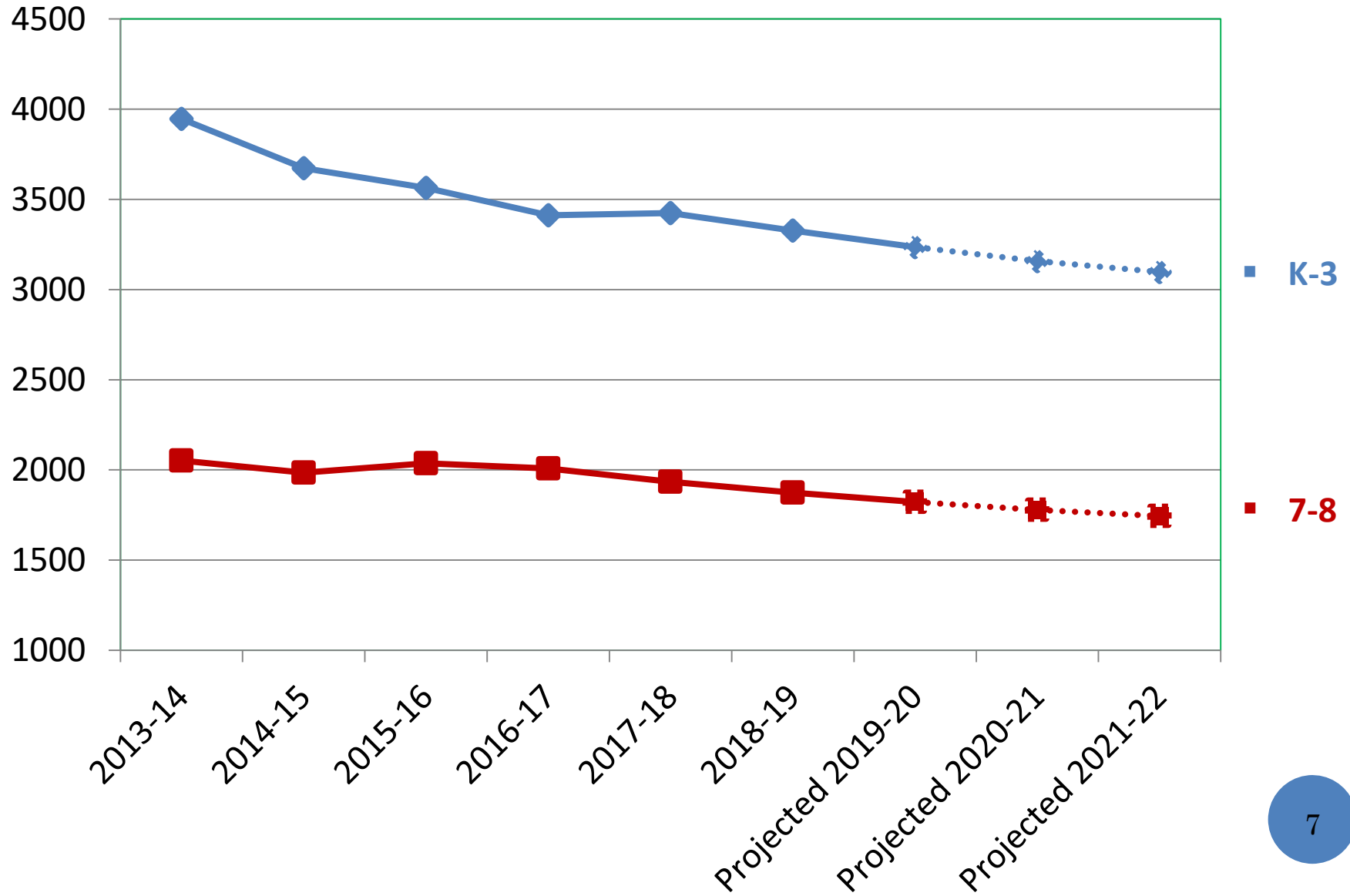
2019-20 GENERAL FUND BUDGET ASSUMPTIONS

- Local Control Funding Formula
 - COLA updated to 3.26%
 - LCFF as a percentage of Target - 100%
 - Unduplicated pupil count at 50.13%
- Enrollment decline
 - 2013/14 -- 2018/19
 - (1,237)
 - Projected Enrollment decline 2019/20
 - (222)
- Other
 - STRS & PERS additional retirement contributions
 - Step & Column increases Certificated and Classified

Enrollment to ADA Comparison

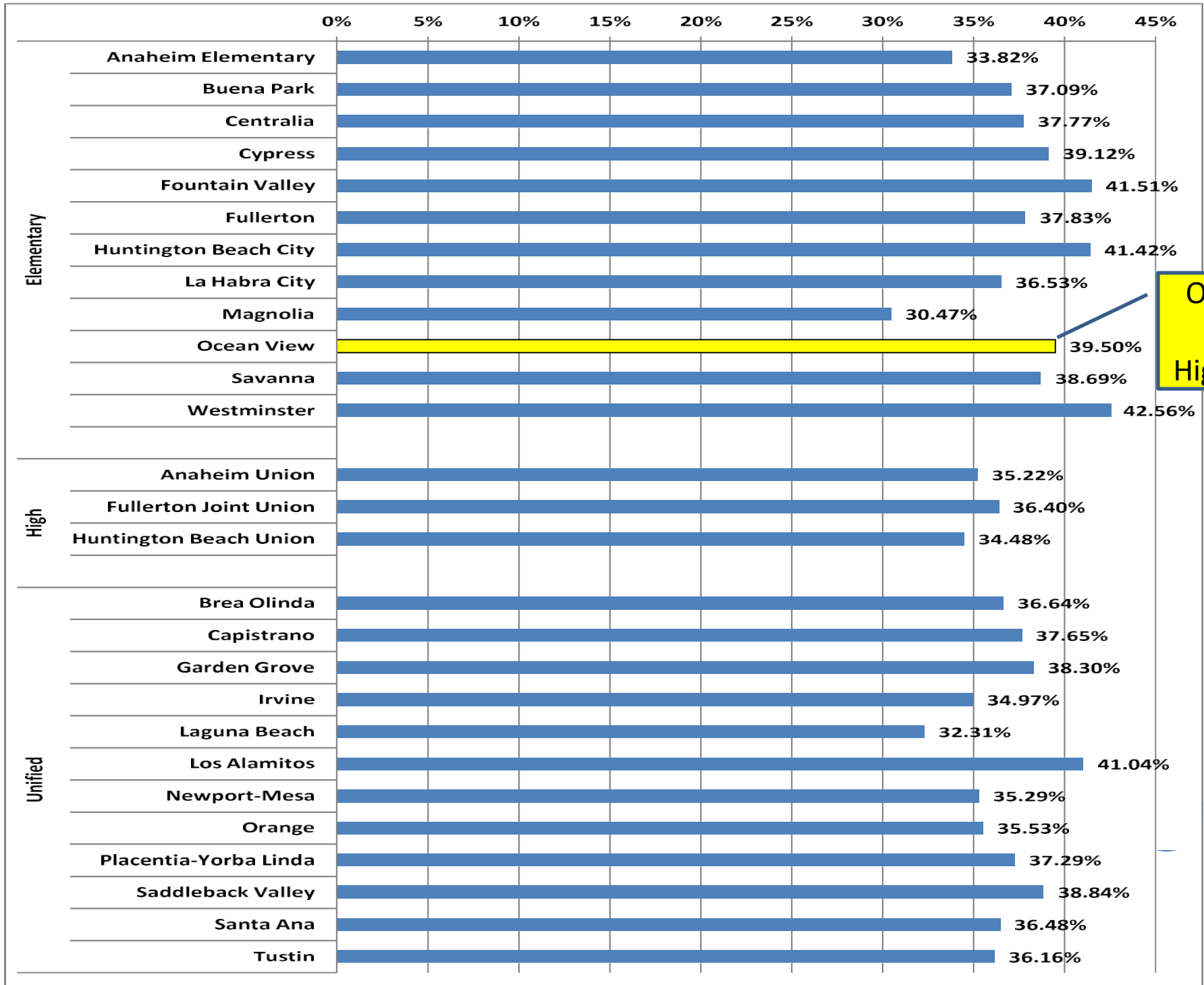


K-3 to 7-8 ADA Comparison



2017-18 General Fund Teacher Salaries

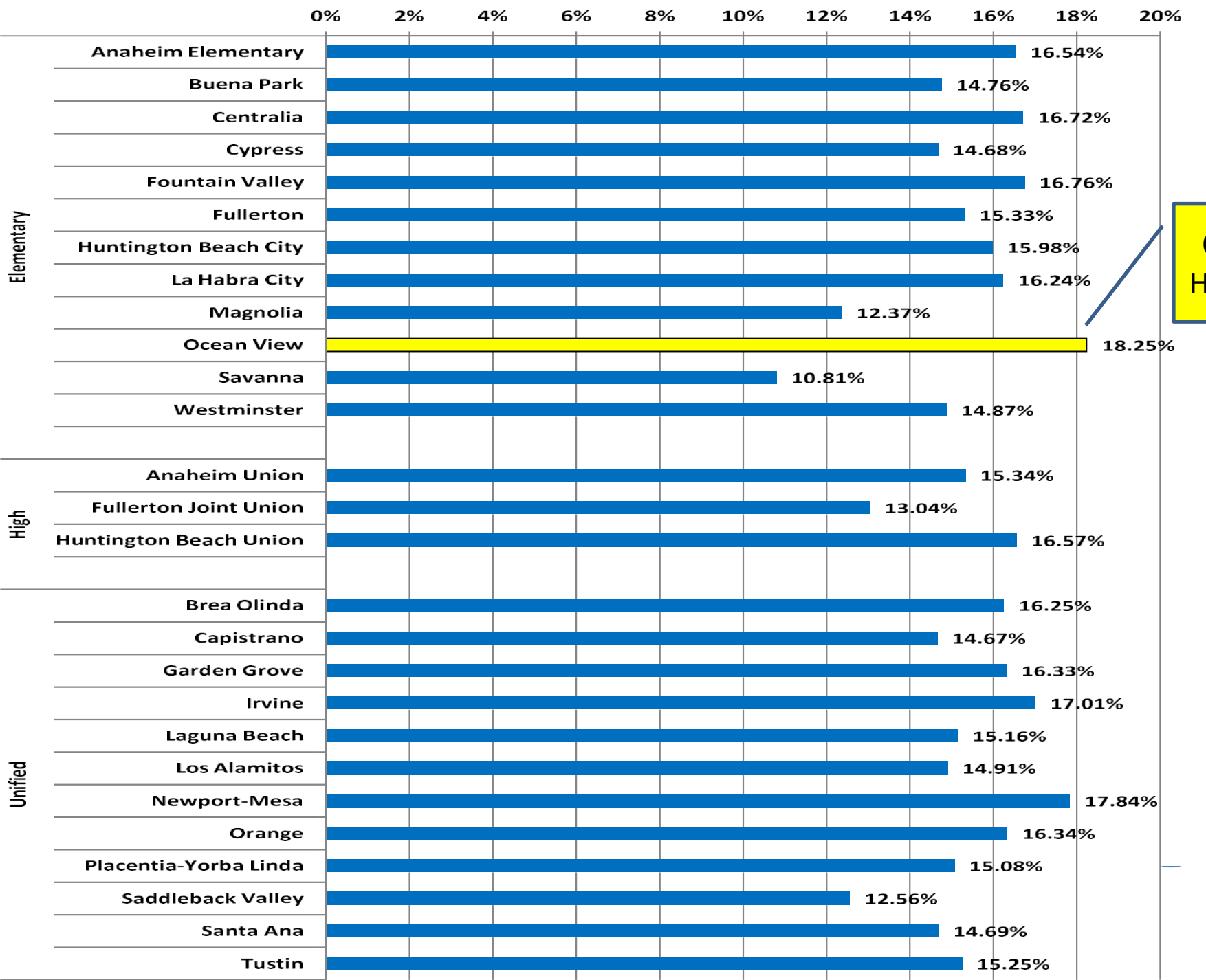
As a percentage of General Fund total expenditures



OVSD
5th
Highest

2017-18 General Fund Classified Salaries

As a percentage of General Fund total expenditures



**OVSD
Highest**

2nd Interim Key Rate Assumptions

	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
COLA (Statutory)	3.26%	3.00%	2.80%
LCFF Gap Funding	100%	100%	100%
STRS Employer Rates <i>Increase over prior year</i>	16.70% +0.42%	18.10% +1.4%	17.80% +0.97%
PERS Employer Rates <i>Increase over prior year</i>	20.733% +2.671%	23.6% +2.867%	24.9% +1.3%
One-time Discretionary Funding	\$0	\$0	\$0

District “Cost of Opening the Doors” Annual Increases Assumptions

Increased Costs	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
Step & Column <i>(includes PERS, STRS, WC, OSDI, Medi, SUI)</i>	(\$740,197)	(\$733,939)	(\$736,702)
CalPERS Annual Adj.	\$422,726	\$459,781	\$208,745
CalSTRS Annual Adj.	(\$598,009)	(\$1,035,111)	(\$ 84,778)
Total Cost Increases	\$175,283	\$575,330	\$(123,967)
Total Cost Increases	(\$1,338,206)	(\$1,769,050)	(\$821,480)
+ / - LCFF Revenue	\$147,039	\$124,203	\$226,551
Net Impact	(\$1,191,167)	(\$1,644,847)	(\$594,929)

Combined General Fund Revenue Summary

GF Combined	2018-19 Estimated Actuals	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
LCFF Revenues	\$71,067,756	+\$147,039 \$71,214,795	+\$124,203 \$71,338,998	+\$226,551 \$71,565,549
TOTAL Revenues (including Federal, Other State, and Other Local)	\$90,618,456	\$87,565,199	\$87,689,364	\$87,915,915
TOTAL Expenditures	\$89,507,048	\$89,538,336	\$90,569,353	\$90,901,584
Surplus/Deficit	\$1,111,408	\$(1,973,137)	\$(2,879,989)	\$(2,985,669)

Combined General Fund Balance Summary and MYP

GF Combined	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
Revenues	\$87,565,199	\$87,689,364	\$87,915,915
Expenditures <i>(including Transfers In/Out)</i>	\$89,538,336	\$90,569,353	\$90,901,584
Net Inc / (Dec) in Fund Balance	\$(1,973,137)	\$(2,879,989)	\$(2,985,669)
Beginning Balance	\$12,381,921	\$10,408,784	\$7,528,795
Ending Balance % of Expenditures	\$10,408,784 11.62%	\$7,528,795 8.31%	\$4,543,127 5.0%
3% REU	\$,2,691,150	\$2,722,081	\$\$2,732,048
Emergency Reserve % of Expenditures	\$3,811,048 4.26%	\$1,704,059 1.88%	\$664,913 0.73%

Unrestricted General Fund Revenue Summary

GF Unrestricted	2018-19 Estimated Actuals	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
LCFF Revenues	\$71,067,756	\$71,214,795	\$71,338,998	\$71,565,549
Federal Revenues	\$595,969	\$231,122	\$231,122	\$231,122
Other State Revenues	\$3,040,682	\$1,570,561	\$1,570,523	\$1,570,523
Other Local Revenues	\$1,582,422	\$994,021	\$994,021	\$994,021
TOTAL Revenues	\$76,286,829	\$74,010,499	\$74,134,664	\$74,361,215

Unrestricted General Fund Expenditures

GF Unrestricted	2018-19 Estimated Actuals	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
Certificated Salaries	\$31,683,200	\$31,951,354	\$32,175,172	\$32,402,347
Classified Salaries	\$9,680,840	\$10,131,230	\$10,052,101	\$10,072,378
Employee Benefits	\$13,440,928	\$14,108,349	\$15,143,460	\$15,228,238
Books & Supplies	\$2,155,460	\$1,368,569	\$1,368,569	\$1,368,569
Operating Expenses	\$5,359,762	\$4,071,361	\$4,071,361	\$4,071,361
Capital Outlay	\$315,611	\$140,207	\$17,000	\$17,000
Other Outgo	\$211,625	\$211,625	\$211,625	\$211,625
Support (Indirect) Costs	(\$643,423)	(\$741,598)	(\$741,598)	(\$741,598)
TOTAL Expenditures	\$62,204,003	\$61,241,097	\$62,297,689	\$62,629,920

Unrestricted General Fund Summary

GF Unrestricted	2018-19 Estimated Actuals	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
TOTAL Revenues	\$76,286,829	\$74,010,499	\$74,134,664	\$74,361,215
TOTAL Expenditures	\$62,204,003	\$61,241,097	\$62,297,689	\$62,629,920
Surplus/Deficit	\$14,082,826	\$12,769,402	\$11,836,975	\$11,731,295

Unrestricted General Fund Summary

GF Unrestricted	2018-19 Estimated Actuals	2019-20 Preliminary	2020-21 Projected	2021-22 Projected
TOTAL Revenues	\$76,286,829	\$74,010,499	\$74,134,664	\$74,361,215
TOTAL Expenditures	\$62,204,003	\$61,241,097	\$62,297,689	\$62,629,920
Surplus/Deficit	\$14,082,826	\$12,769,402	\$11,836,975	\$11,731,295
Contributions - Encroachment	\$13,793,630	\$14,573,033	\$14,573,033	\$14,573,033
Net Surplus/Deficit	\$289,196	(\$1,803,631)	(\$2,736,058)	(\$2,841,738)

Contributions to District Programs

Encroachment to the General Fund

2 Types of Encroachment Categories

1. Contributions to RESTRICTED PROGRAMS

- General Fund contributions to restricted programs (Restricted General Fund) that do not support themselves.

2. Contributions to LOCAL PROGRAMS

- General Fund contributions caused by deficiated dynamics* or local decisions to allocate general-purpose funds to special purpose programs.

Contributions to District Programs

Encroachment to the General Fund	2018-19 Estimated Actuals	2019-20 Preliminary
Category 1 Encroachment		
Special Education	\$11,122,583	\$11,772,742
Routine Maintenance	\$2,620,121	\$2,620,121
Federal Programs (i.e. Preschool)	\$50,926	\$180,170
SUBTOTAL	\$13,793,630	\$14,573,033
Category 2 Encroachment		
Special Education Transportation	\$412,010	\$505,175
Home-to-School Transportation	\$1,816,768	\$1,833,805
Fee-Based Preschool	\$402,768	\$385,042
Kindergarten Instructional Aide	\$250,795	\$274,765
Deferred Maintenance	\$250,000	\$250,000
SUBTOTAL	\$3,132,341	\$3,248,787
TOTAL ENCROACHMENT	\$16,925,971	\$17,821,820

OVSD Challenges

- Economic cycles drive a need for sustainable systems, including substantial reserves and the ability to reduce programs in the event the District loses state or local funding.
- There is no such thing as a good budget without an adequate reserve. Structural Deficit - Year 3 MYP less than a 1% Emergency Reserve in Combined General Fund Budget.
- UCLA Anderson Forecast projecting a slowdown in national economic growth, 3% growth in gross domestic product (GDP) in 2018, 2% growth in 2019, and 1% growth in 2020.
- As previously share:
 - Future Funding –annual growth in LCFF funding will be determined by (1) change in ADA, and (2) statutory COLA.
 - Continued encroachment to the Unrestricted General Fund.
 - No revenue funding source for district required STRS and PERS increases.
 - The District is over staffed.
- Projected ADA has decreased by almost 1,500 since 2013-14 - 2019-20, \approx 17% decrease.
- The District's total personnel costs are 89.3%. The Unrestricted personnel costs are 91.8%.
- Bottom line, the District will have difficulty sustaining commitments made in prior years in the face of state revenue projections, declining enrollment, and high staffing.

Questions...

