

2020-21 Budget Adoption

June 10, 2020



Presentation by:
Bill Young, Assistant Superintendent - Business Services



Objectives

- Present an overview of the Governor's May Revision
- Explain the fiscal impacts of the May Revision
- Explain cash flow concerns
- Share the proposed budget reductions to address the fiscal impacts
- Forecast 2021-22 and 2022-23
- Explain the ending fund balance changes
- Share "wildcards" and potential next steps



Governor's May Revise

- Suspends a 2.31% COLA
- Reduces the LCFF Base Funding by 10% and freezes the base rate for three years - "flat funding"
- Reduces Transportation and Targeted Instructional Improvement Grant funding by 10%
- Reduces After School Education & Safety program by 15.5%
- Includes several cash deferrals
- Eliminates the Full Day Kindergarten facilities grant



Governor's May Revise

- Increases the LCFF Base by 2.31% COLA, then reduces it by 10%
- Reduces employers STRS and PERS contribution rate only for two years
- Increases Special Education base rates
- Provides a little funding flexibility



May Revise Fiscal Impacts

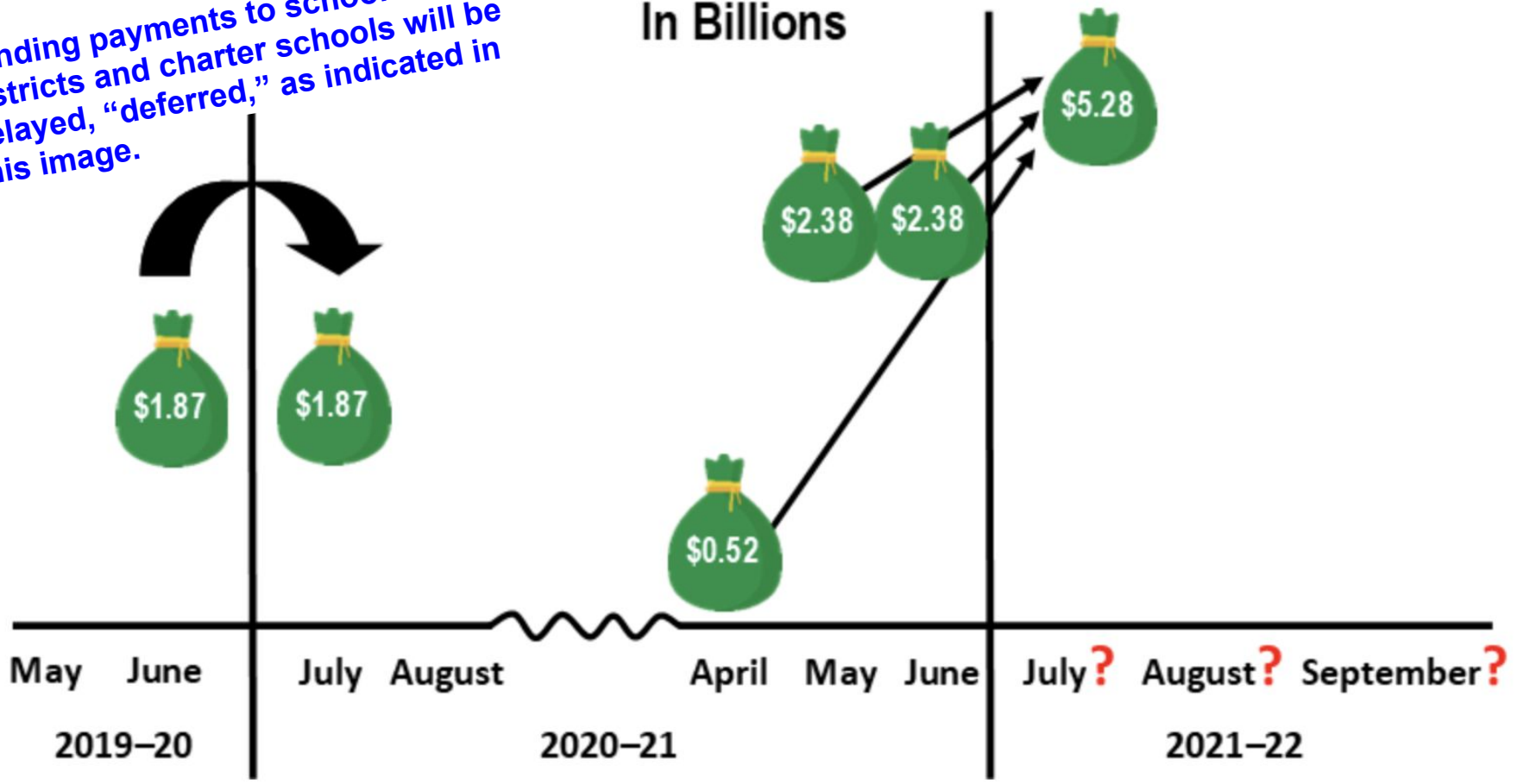
2020-2021 Budget Impacts based on the May Revise

	General Fund (01)	Charter Fund (09)	Preschool Fund (12)
LCFF Reduction	-1,478,226	-196,860	
Education Protection Account (Prop 55)	-1,431,094	-323,420	
Transportation/TIIG Reduction	-64,375		
ASES Reduction	-22,139		
Program Reduction			-22,472
Total May Revise Reduction	-2,995,834	-520,280	-22,472
PERS Offset	126,965	10,783	
STRS Offset	439,922	75,050	
Net May Revise Reduction	-2,428,947	-434,447	-22,472
2nd Interim Projected Deficit + Bargaining Settlement	-1,076,000	-300,951	
Budget Reduction Target	-3,504,947	-735,398	-22,472

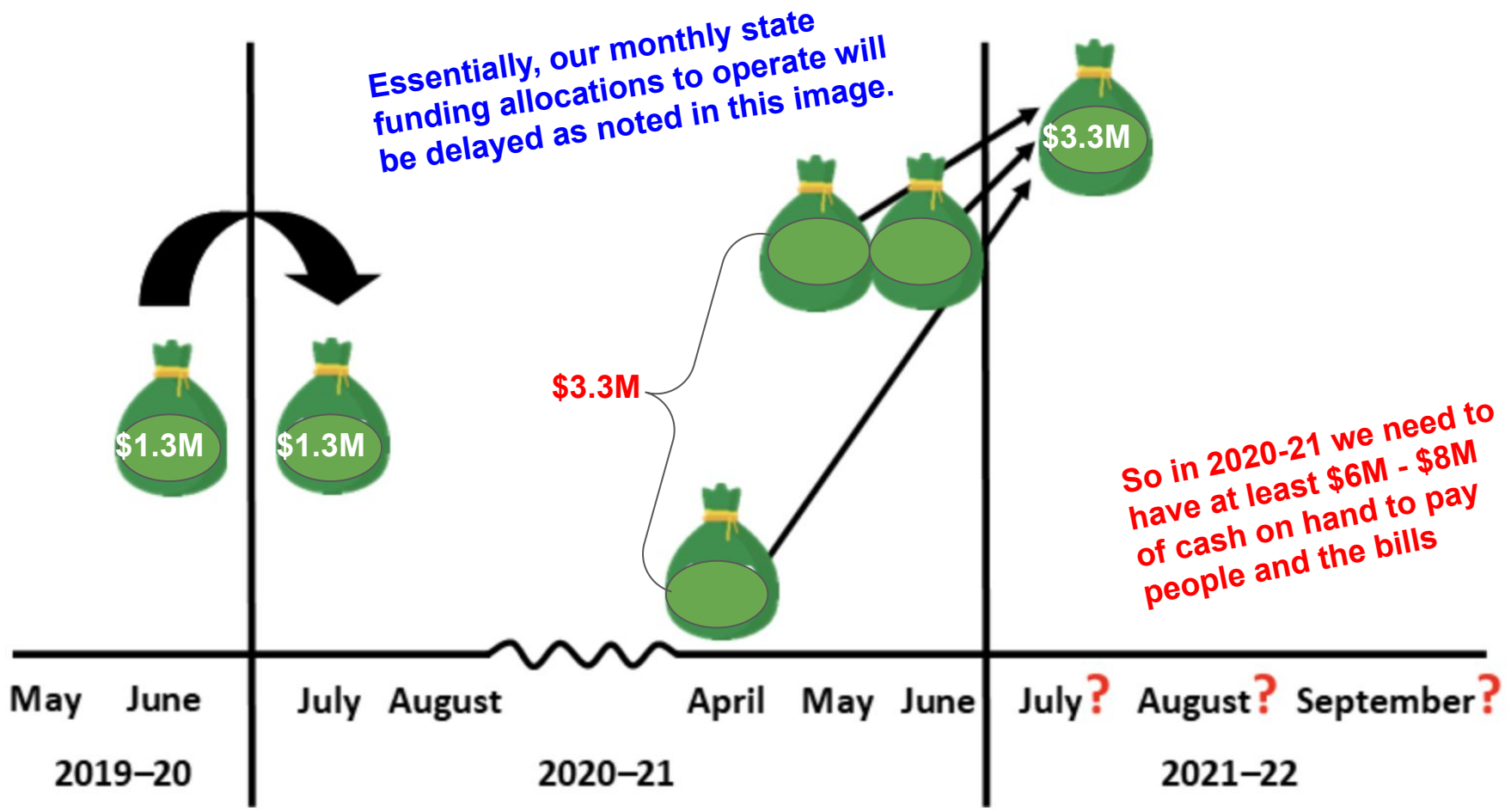
STATE Cash Flow Concerns

Funding payments to school districts and charter schools will be delayed, "deferred," as indicated in this image.

In Billions



OUSD Cash Flow Concerns





2020-21 Budget Reductions

Staff recommends **\$2.65 million** in initial targeted budget reductions for Board approval as follows:

Suspend PARS savings contribution for 3 years	\$650,000
Use PARS to pay OPEB for 3 years	\$575,000
Suspend Full Day Kindergarten IAs	\$205,000
Reduce PLC Stipends 50%	\$39,000
Reduce 1.4 FTE TOSAs	\$168,000
Shift TOSA funding source to LPSBG*	\$75,000
Shift TOSA funding source to TII*	\$50,000
Reduce LCAP Hourly 50%	\$147,000

* one-time reduction, will need to address the same amount in 2021-22



2020-21 Budget Reductions

Budget reductions continued:

Suspend TIC and Junior High Athletic Stipends	\$48,754
Reduce Substitute Costs (Inservice)	\$52,000
Reduce PD (PDXX account) 50%	\$26,540
Site Leadership Team Meeting to after school	\$7,350
Suspend Tech Academies (new cohorts)	\$60,000
Suspend Before/After School Band (Elementary)	\$15,000
Sweep 2019-20 Site Ending Fund Balances*	\$54,000
Eliminate CALM*	\$85,000

* one-time reduction, will need to address the same amount in 2021-22



2020-21 Budget Reductions

Budget reductions continued:

Eliminate Discovery Education*	\$148,300
Eliminate SLED	\$40,000
Eliminate Fighting Back Santa Maria	\$46,420
Reduce Technology Purchases (LCAP)	\$33,433
Eliminate After School Computer Labs	\$40,000
Shift Acadiance funding source to LPSBG*	\$33,790
Eliminate Hourly Intervention JHS	\$46,000
Reduce Online Learning Programs	\$10,000
TOTAL TARGETED BUDGET REDUCTIONS	\$2,655,587

* one-time reduction, will need to address the same amount in 2021-22



Multi-Year Projections General Fund

	2020-21	2021-22	2022-23
Revenues and Transfers In	\$ 45,070,908	\$ 44,275,516	\$ 43,630,518
Expenses and Transfers Out	\$ 46,752,118	\$ 47,408,261	\$ 49,276,215
Surplus/Deficit	\$ (1,681,211)	\$ (3,132,745)	\$ (5,645,697)
Beginning Balance	\$ 12,860,796	\$ 11,179,585	\$ 8,046,840
Ending Balance	\$ 11,179,585	\$ 8,046,840	\$ 2,401,143

THIS WILL COVER OUSD CASH FLOW NEEDS FOR 2020-21 AND WE WILL BE FILING A QUALIFIED CERTIFICATION ABSENT ADDITIONAL REVENUE / BUDGET REDUCTIONS

FOR 2021-22, THIS ALONE MAY NOT BE ENOUGH TO COVER OUSD CASH FLOW NEEDS AND WE WILL BE FILING A NEGATIVE CERTIFICATION ABSENT ADDITIONAL REVENUE / BUDGET REDUCTIONS

FOR 2022-23, THERE WILL NOT BE ENOUGH TO COVER OUSD CASH FLOW NEEDS AND WE WILL BE FILING A NEGATIVE CERTIFICATION ABSENT ADDITIONAL REVENUES / BUDGET REDUCTIONS



Components of the Ending Fund Balance General Fund

	2020-21	2021-22	2022-23
Nonspendable (Revolving Cash & Stores)	\$ 28,951	\$ 28,951	\$ 28,951
Restricted	\$ 985,582	\$ 1,609,337	\$ 1,285,755
Committed			
Technology Update	\$ 700,000	\$ 400,000	\$ 100,000
Textbook Adoption	\$ 1,000,000	\$ 1,000,000	\$ -
Reserve for Cashflow/COVID Crisis	\$ 6,514,597	\$ 3,228,929	\$ -
Assigned			
LCAP Carryover	\$ 519,891	\$ 269,891	\$ -
Compensated Absences	\$ 28,000	\$ 28,000	\$ 28,000
Unassigned/Unappropriated	\$ -	\$ -	\$ -
Reserve for Economic Uncertainties (3%)	\$ 1,402,564	\$ 1,481,733	\$ 958,437

NOT ENOUGH



Multi-Year Projections Charter Fund

	2020-21	2021-22	2022-23
Revenues and Transfers In	\$7,683,796	\$7,447,826	\$7,346,972
Expenses and Transfers Out	\$8,252,066	\$8,178,535	\$8,560,202
Surplus/Deficit	(\$568,270)	(\$730,709)	(\$1,213,230)
Beginning Balance	\$1,429,261	\$860,991	\$130,282
Ending Balance	\$860,991	\$130,282	(\$1,082,948)

Absent new revenue and increased enrollment the charter fund is deficit spending significantly. A budget stabilization plan is necessary and must be implemented prior to the 2021-22 school year.



“Wildcards”

There are many “wildcards” that can impact our budget, below are some examples - these are fragile fiscal times:

- State, National, Global Economic Recovery (type and duration)
- Final approved 2020-21 State Budget
- Federal Stimulus Funds
- Cash Deferrals (amount, frequency, duration)
- COVID-19 Safety (return to school, safety, disinfection, etc.)
- Enrollment / ADA
- Free and Reduced Lunch Identification
- Supply and service costs and availability
- Technology support costs
- SPED Costs
- Worker’s Compensation
- Collective Bargaining
- Substitute Costs



Next Steps

We will need to examine and implement additional budget reductions absent increasing revenues.

- Balance the LCAP due to proposed reductions - present in December
- Examine:
 - Tax and Revenue Anticipation Note (TRAN) - a loan to assist with cash flow
 - Interfund borrowing - borrowing cash between funds to assist with cash flow
 - Staffing ratios (management, certificated, & classified) / Reductions / Layoffs
 - Class Size ratios
 - Work & School Calendars / Furlough Days
 - Charter Programs Review
 - Program reductions (e.g. after school, athletics, music, arts)
 - Secondary Master Schedule reductions (electives)
 - Transportation reductions
 - Delay textbook adoptions
 - Campus Connection Program Review (Est. deficit is \$82,000)
 - Everything...

QUESTIONS