

Orange County Department of Education



2019-2020 Second Interim Budget

**Al Mijares, Ph.D.,
County Superintendent of Schools**

Orange County Board of Education

| | |
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March 4, 2020

About OCDE

The Orange County Department of Education (OCDE) is a public education organization offering support services to 27 school districts, 614 schools and more than 24,000 educators serving nearly 500,000 students in Orange County. OCDE's personnel offer support, professional development and student programs through its divisions and departments, which include: Administrative Services, Alternative Education, Business Services, Educational Services, Governance, Leadership and Community Partnerships, Information Technology, Legal Services and Special Schools.

Vision

Orange County students will lead the nation in college and career readiness and success. We play a supportive role in the fulfillment of this vision in collaboration with educators at all levels of student development from early childhood through higher education, and in partnership with families, businesses, and community organizations. We believe that to lead the nation in college and career readiness and success is a high ambition, but one within the reach of Orange County students.



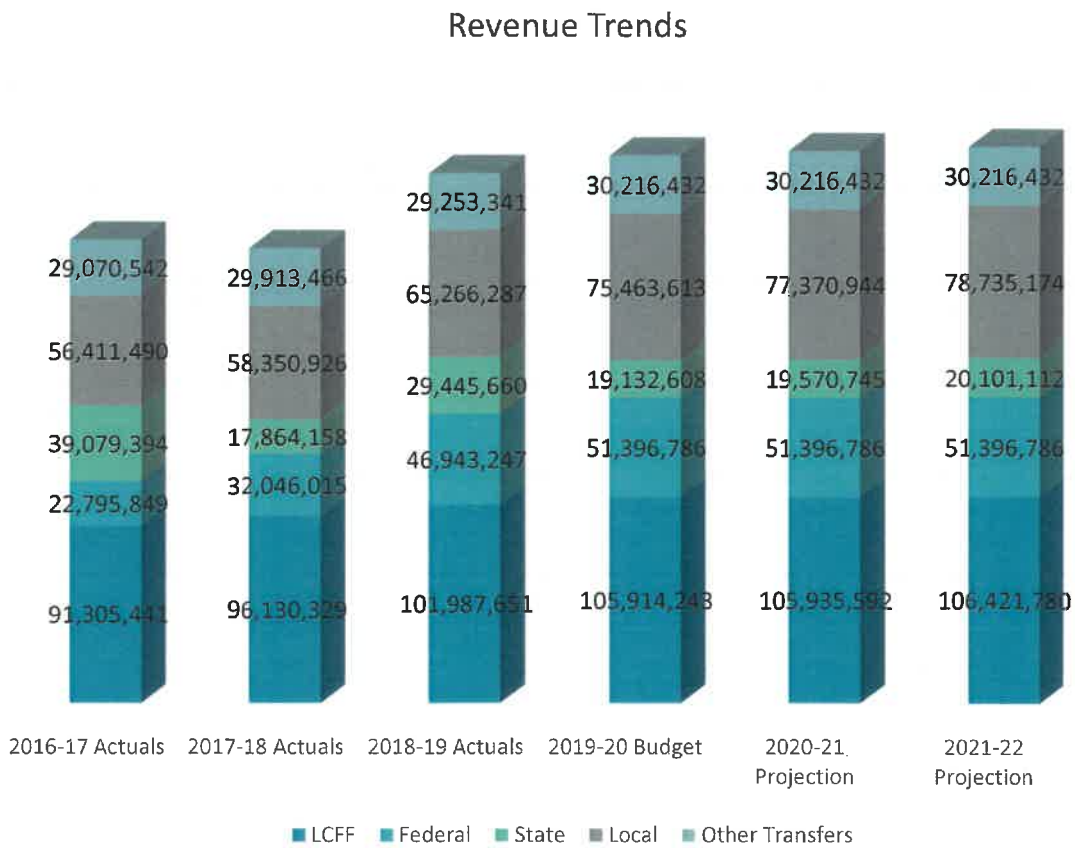
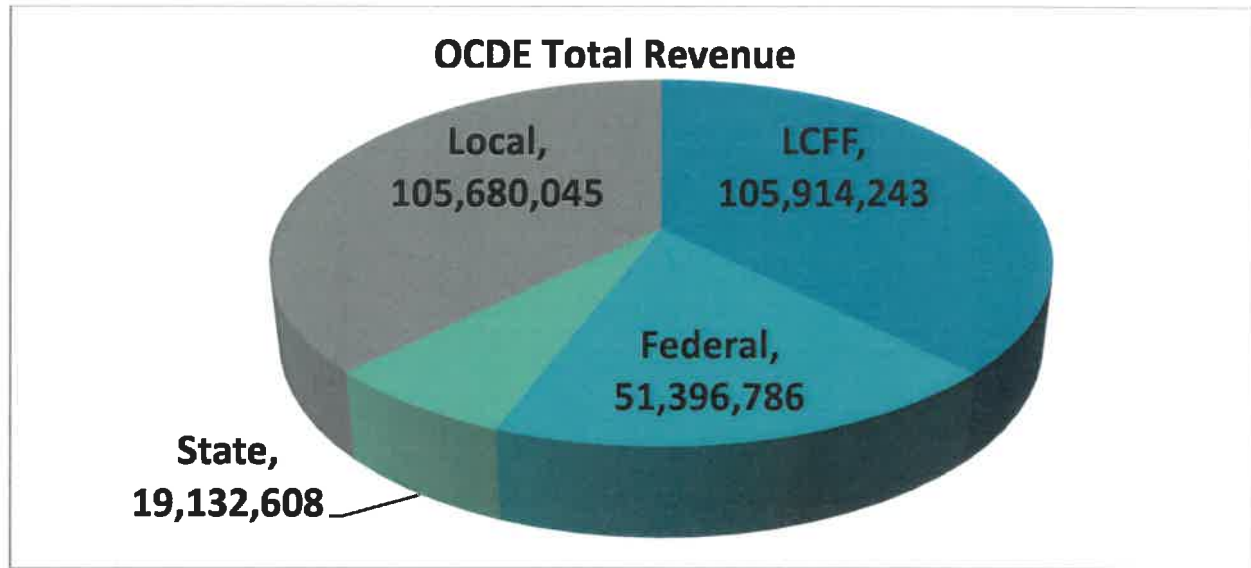


The Budget Summary is an overview of the Orange County Department of Education that reflects the goals and priorities of the County Superintendent aligned with the Local Control Accountability Plan (LCAP) and available financial resources. The budget is a complex document that is required to follow state accounting guidelines. The budget summary incorporates information from the Governor's adopted state budget and any changes in revenue and expenditures from the Second Interim for 2018-19. The Second Interim includes any new entitlements, grants or contracts and is aligned with the approved Local Control Accountability Plan for 2019-20. The LCAP lays out the main objective for meeting the learning requirements of high need students. The LCAP also identifies the expenditures for meeting the identified objectives, such as becomes a second statement of the Superintendent's priorities along with those identified on these pages.

Our proposed 2019-20 General Fund Budget is \$279,356,280. After multiple years of declining enrollment and increasing local property taxes, our budget has reached a stage where we will receive a cost of living increase, but will not have an impact on increasing revenue. We will move between changing the amount we receive for Minimum State Aid and local property taxes, but the effect will be no new revenue for the Local Control Funding Formula (LCFF). We are anticipating an increase in State Aid funding for county-wide districts assistance and support which is additional to LCFF.

REVENUE

The Total General Fund Revenue Projections are \$282,123,682



Local Control Funding Formula (LCFF) is \$105,914,243

The Local Control Funding Formula (LCFF) for County Offices incorporates funding for County-wide services to districts and direct funding for students in Juvenile Court Schools, and referrals from Probation or Social Services. This is 38% of our total revenue. The LCFF formula for County Offices is separated in two major components.

County Operations Grants: This funding is based on the number of students who attend school in the County or Average Daily Attendance (ADA), and the number of school districts we support. This funding is to perform services mandated under the education code such as financial oversight and services to districts. **Projected Funding for 2019-20 is \$ 26,680,722**

Pupil Driven Grants: Base funding is received per ADA, plus supplemental and concentration grants for students that are one of the following: English Learners, Foster Youth, or qualify for Free and Reduced Lunch Program. Our 2019-20 unduplicated rate is 80.56%.

Students in Juvenile Court Schools receive base funding and 100% of the students qualify for Supplemental and Concentration funding. **Projected funding for 2019-20 is \$5,913,428**

Students that are considered type “C” probation referred, expelled or social services referred.

Supplemental is 35% of Base grant

Concentration is 25% of Base grant for unduplicated count over 50%

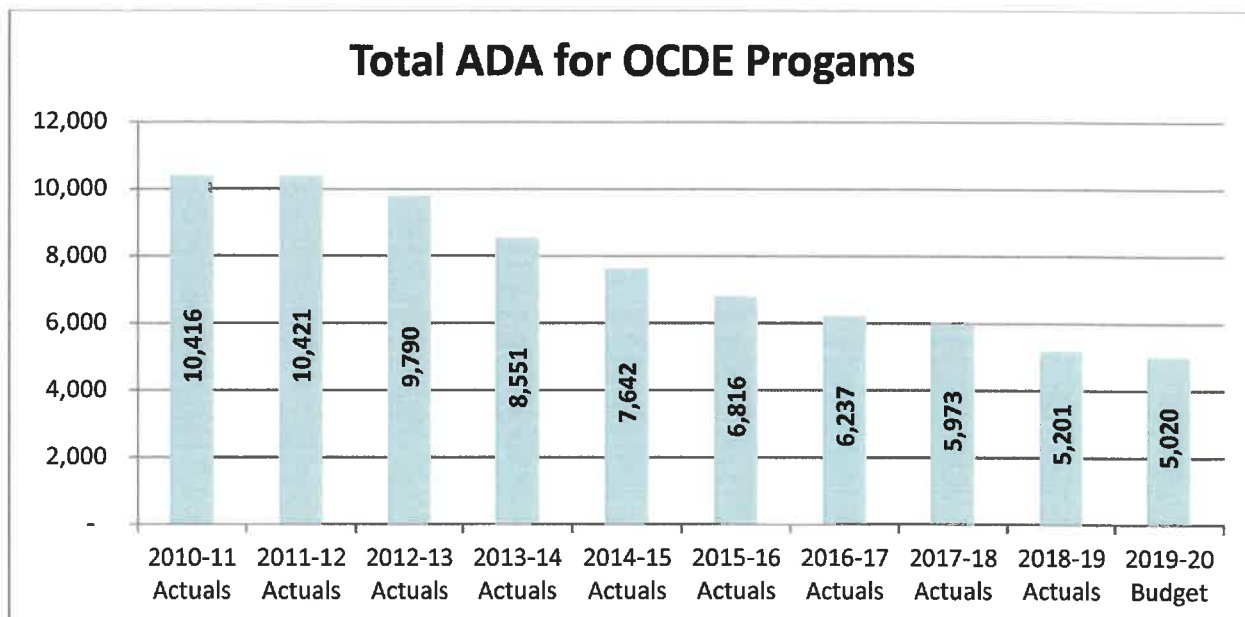
Projected funding for 2019-20 is \$26,535,530

OCDE serves students that are referred from school districts; this ADA is added to total enrollment for staffing ratios, but the funding for district-referred students is recognized under Local Revenue.

School Districts will receive a 3.26% Cost of Living increase for LCFF in 2019-20. Because of our excess tax status, any new revenue from a COLA will increase the revenue with a corresponding increase in an expenditure transfer to the County of Orange Courts.

We will receive the 3.26% COLA for other state revenues and income from students that are referred from their school districts that is recognized in Local Revenue.

Average Daily Attendance for OCDE Programs



OCDE ADA by Program

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-2020 |
|---|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Budget |
| Juvenile Court Schools | 1,276 | 858 | 737 | 519 | 492 | 460 | 401 | 315 |
| Community Schools "C" | 3,228 | 2,672 | 2,079 | 1,583 | 1,267 | 1,134 | 975 | 1,161 |
| Community Schools Secondary 1st Semester | 359 | 462 | 419 | 466 | 557 | 584 | 284 | 203 |
| CHEP and PCHS | 1,820 | 1,613 | 1,547 | 1,321 | 1,073 | 908 | 708 | 638 |
| PCHS Secondary 1st Semester "A" & "B" | 656 | 797 | 889 | 911 | 972 | 1,253 | 1,233 | 1,134 |
| Expelled | 178 | 147 | 130 | 132 | 115 | 133 | 136 | 138 |
| County Community "A" & "B" | 1,210 | 1,064 | 874 | 958 | 780 | 563 | 542 | 620 |
| County Community "A" & "B" Secondary 1st Semester | 490 | 501 | 537 | 467 | 464 | 426 | 358 | 237 |
| College & Career Prep. Charter | | | | 41 | 141 | 142 | 179 | 188 |
| Total For ACCESS | 9,316 | 8,114 | 7,212 | 6,398 | 5,861 | 5,603 | 4,815 | 4,634 |
| Change from Prior Year | (609) | (1,202) | (902) | (814) | (538) | (258) | (788) | (181) |
| SIS Total | 1,505 | 1,760 | 1,845 | 1,845 | 1,993 | 2,262 | 1,875 | 1,574 |
| Total Program without SIS | 7,811 | 6,354 | 5,367 | 4,553 | 3,868 | 3,341 | 2,940 | 3,060 |
| Special Schools | 474 | 436 | 430 | 418 | 376 | 370 | 386 | 386 |
| Change from Prior Year | (21) | (38) | (6) | (13) | (42) | (6) | 16 | - |
| Total | 9,790 | 8,551 | 7,642 | 6,816 | 6,237 | 5,970 | 5,201 | 5,020 |
| Difference from prior year | (631) | (1,239) | (908) | (827) | (579) | (267) | (769) | (181) |

Average Daily Attendance (ADA)

OCDE has been declining in enrollment since 2012-13, with a decline of 769 in 2018-19, and a projected decline of 181 for 2019-20. A change in State and County guidelines regarding alternatives to incarceration means that fewer students are enrolled in our program and stay in their district of residence. To adjust to the changing environment, we are developing new programs, strengthening partnerships with districts, court agencies, expanding our career technical programs, and providing innovative programs so we can serve our students. Many of the specific services are outlined in our Local Control Accountability Plan (LCAP).

Revenue Outside of LCFF

Outside of LCFF, we receive income in five different ways from Federal, State or Local resources. Below we will detail examples of the revenue we receive as a County Office:

Contracts: Are specific services that an agency wants to contract with OCDE based on specific expertise or experiences.

Entitlements: Are funds normally received on a per student basis, and are either part of the State Budget or Federal Budget authority. Most of these funds are on-going appropriations and may have restricted guidelines for expenditures.

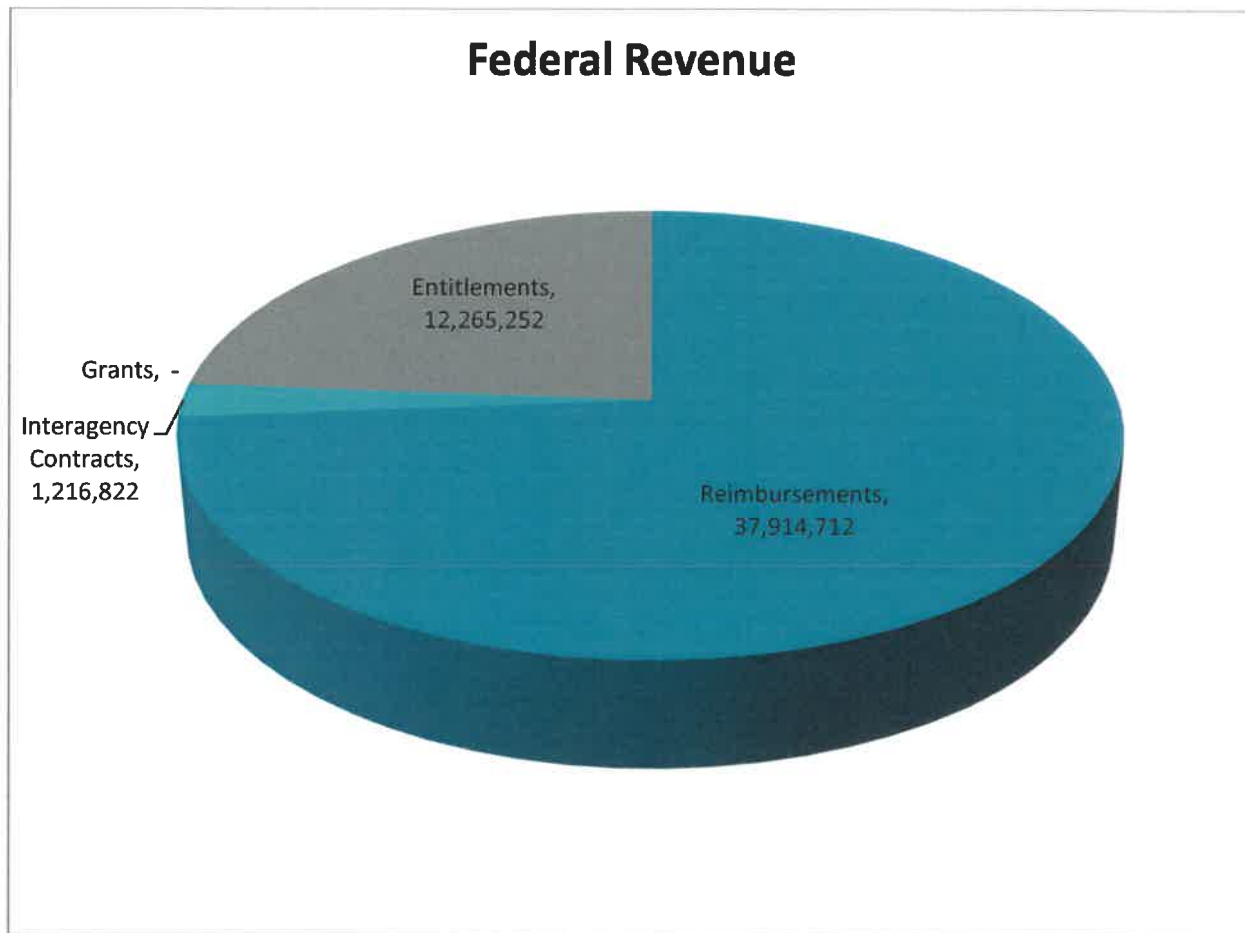
Grants: Are projects that OCDE has applied to funding agencies for, and could come from Federal, State, or Local agencies. These are normally competitive in nature and will require specific expenditures as part of the grant.

Reimbursements: Are revenue received to reimburse a portion of the cost for providing specific services to students, Medi-Cal Administrative Activities (MAA), Medi-Cal Billing program and the Child Nutrition program.

Fee for Services: Most of the fees for services are in Local revenue and they include billing to school districts for students they have referred, excess billing for Special Schools, billing for Inside the Outdoors, Professional Development for school districts, Financial System service fees, and various services OCDE provides on a county-wide basis.



Total Federal Revenue is \$51,396,786



| Federal Revenue | 2016-17 Actuals | 2017-18 Actuals | 2018-19 Actuals | 2019-20 Budget |
|----------------------------|--------------------|--------------------|--------------------|-------------------|
| <u>Entitlements</u> | | | | |
| Special Education | 1,769,579 | 1,668,875 | 1,548,760 | 1,565,028 |
| Title I | 4,154,355 | 4,802,429 | 4,729,492 | 5,274,028 |
| Title II | 65,808 | 70,622 | 46,329 | 102,889 |
| Title III | 9,882 | 257,847 | 134,127 | 78,770 |
| Title IV | | | 427,257 | 1,305,247 |
| Education of Homeless | 251,116 | 241,032 | 276,173 | 250,000 |
| CPIN Network | 202,900 | 201,337 | 202,743 | |

| | | | | |
|-------------------------------------|-----------|-----------|-----------|------------|
| CPIN EL Outreach | 160,291 | 173,930 | 160,448 | |
| CPIN Migrant Ed | | | 12,077 | |
| Calif. Math and Science Partnership | 468,053 | 113,245 | | |
| Power of Discovery | 50,000 | 53,300 | 52,500 | 73,500 |
| Expanded Learning | 102,640 | 158,520 | 94,996 | 136,144 |
| QRIS Certification | | 405,419 | 305,052 | 884,403 |
| Perkins Innovation | | | | 298,195 |
| Dual Language Learning Prof Develop | | | 144,752 | 1,034,948 |
| Inclusive Early Learning | | | 29,906 | 720,239 |
| ESSA School Improvement | | | 51,130 | 541,861 |
| Total Entitlements | 7,234,624 | 8,146,556 | 8,215,742 | 12,265,252 |

Reimbursements

| | | | | |
|--------------------------|------------|------------|------------|------------|
| MAA | 12,245,962 | 21,607,896 | 36,620,011 | 37,301,711 |
| Medi-Cal ACCESS | 10,045 | 46,452 | 36,065 | 53,313 |
| Child Nutrition | 226,545 | 248,453 | 329,611 | 330,000 |
| Special Schools Medi-Cal | 587,002 | 482,015 | 625,145 | 229,688 |
| Total Reimbursements | 13,069,554 | 22,384,816 | 37,610,832 | 37,914,712 |

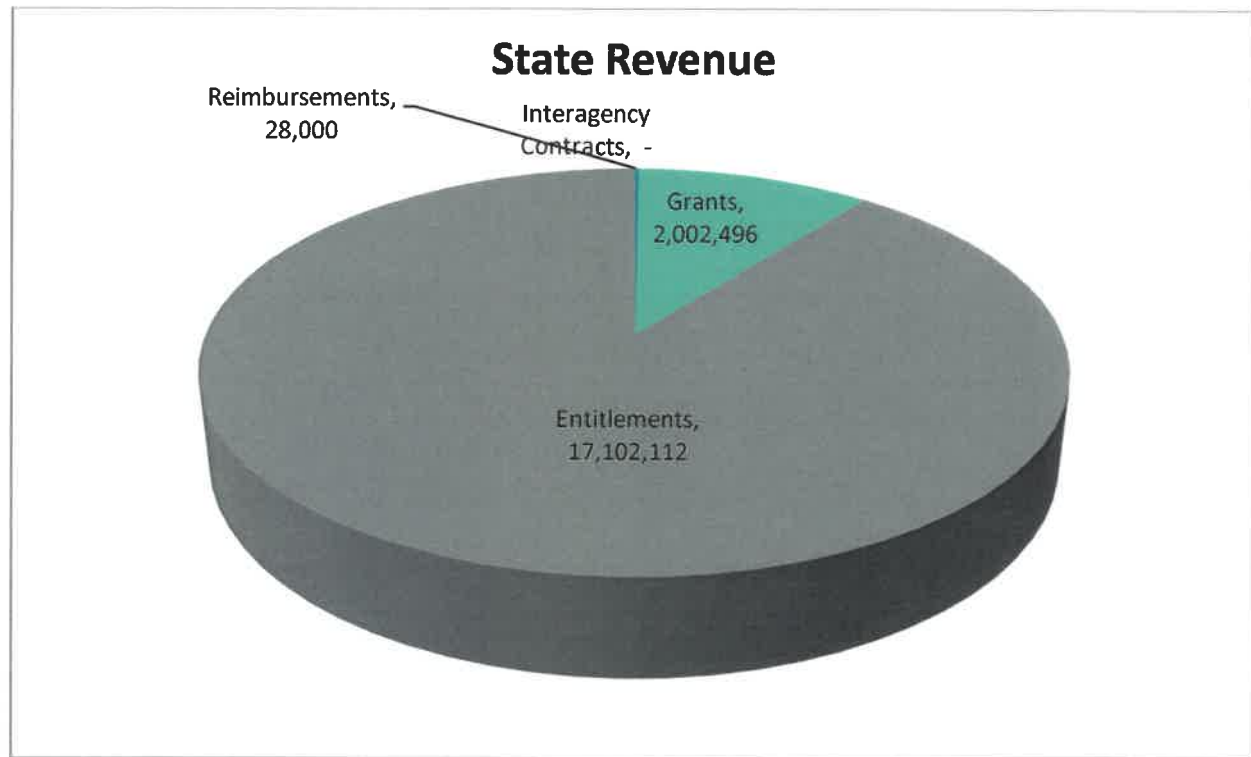
Contracts

| | | | | |
|-----------------------|-----------|-----------|-----------|-----------|
| Interagency Contracts | 2,435,329 | 1,514,643 | 1,116,673 | 1,216,822 |
|-----------------------|-----------|-----------|-----------|-----------|

| | | | | |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Total | 22,739,507 | 32,046,015 | 46,943,247 | 51,396,786 |
|--------------|-------------------|-------------------|-------------------|-------------------|

| | | | | |
|------------------------|--|-----------|------------|-----------|
| Change from Prior Year | | 9,306,508 | 14,897,232 | 4,453,539 |
|------------------------|--|-----------|------------|-----------|

Total State Revenue is \$19,132,608



| State Revenue | 2016-17 Actuals | 2017-18 Actuals | 2018-19 Actuals | 2019-20 Budget |
|-------------------------------------|--------------------|--------------------|--------------------|-------------------|
| <u>Entitlements</u> | | | | |
| Prior Year Apportionment | (70,307) | 154,311 | 259,097 | |
| Mandated Costs | 2,311,881 | 1,719,954 | 1,908,644 | 811,586 |
| Lottery | 1,124,427 | 1,623,560 | 1,136,466 | 1,076,607 |
| Countywide Foster Youth | 817,097 | 894,112 | 896,628 | 1,037,497 |
| Commission on Teacher Credentialing | 19,278 | 19,278 | 19,154 | 19,154 |
| Tobacco Use Prevention | 830,354 | 916,198 | 963,982 | 2,954,448 |
| Fairview Development Ctr | 31,612 | (7,903) | 7,903 | 7,903 |
| NOC Early Start | 48,789 | 39,862 | 150,252 | 59,240 |
| CALWorks | 55,788 | 26,574 | 61,149 | |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| ACCESS Mental Health | 390,419 | 291,393 | 295,717 | 304,826 |
| Special Schools Mental Health | 26,065 | 19,497 | 24,398 | 25,149 |
| Prop 39 Clean Energy | 1,326,052 | 327,167 | | |
| Ca. Complete Count Census | | | | 300,770 |
| Unemployment Insurance | 182,045 | 183,668 | 188,060 | 163,335 |
| Power of Discovery | 56,409 | 53,746 | 54,603 | 31,500 |
| CPIN Kindergarten | 495,900 | | | |
| STRS On behalf | 4,070,522 | 4,327,533 | 4,560,175 | 5,631,677 |
| Expanded Learning | 153,960 | 105,680 | 169,204 | 130,056 |
| Early Childhood | 89,584 | | | |
| MTSS | 20,000,000 | 1,000,000 | 13,500,000 | |
| College Readiness | 383,088 | | | |
| CCI Cal Career Innovations | | 75,187 | 28,833 | |
| College Readiness CCPA | 75,000 | | | |
| CPAs California Partnership Academy | | 183,000 | 145,172 | 250,000 |
| Classified School Employees | 440,000 | 1,016,042 | 1,240,000 | 1,240,000 |
| Health Framework | | | 690,376 | 2,948,679 |
| Classified School Employees Prof Devel | | | 128,046 | |
| Low Performance Students | | | 89,909 | 91,911 |
| Various | 21,304 | 33,406 | 9,286 | 17,774 |
| Total Entitlements | 32,879,268 | 13,002,266 | 26,527,054 | 17,102,112 |
| <u>Reimbursements</u> | 18,538 | 21,312 | 27,844 | 28,000 |

Grants

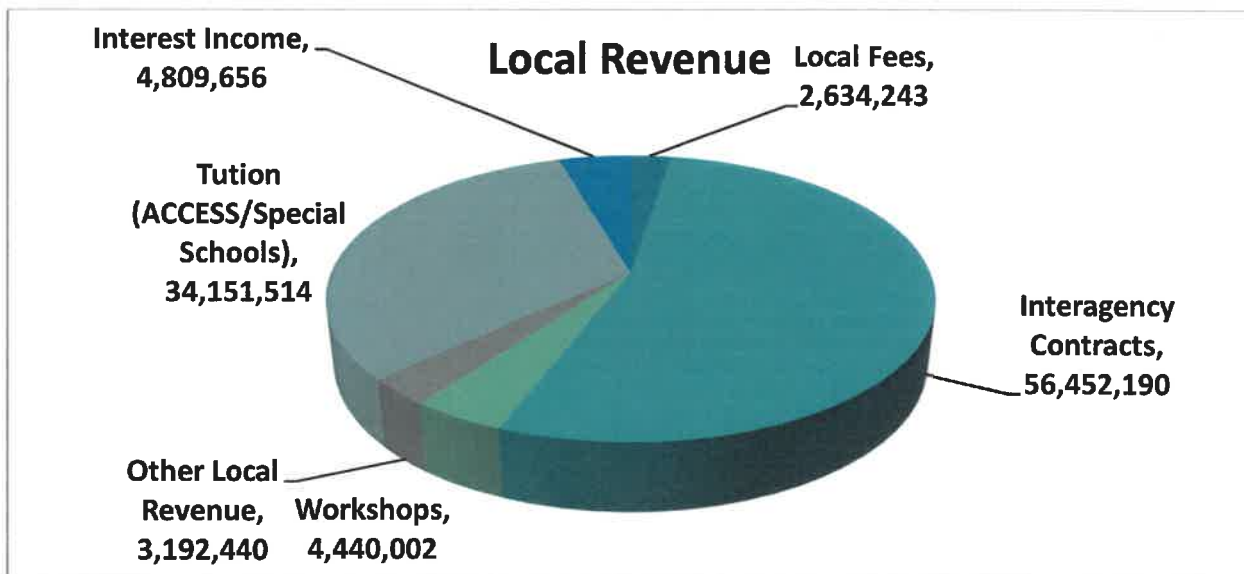
| | | | | |
|-----------------|-----------|-----------|-----------|-----------|
| Career Pathways | 3,655,650 | 2,326,488 | | - |
| CTE Incentive | 2,218,547 | 2,231,527 | 2,481,202 | 2,002,496 |

Contracts

| | | | | |
|-----------------------------------|---------|---------|---------|--|
| Foster Youth Technical Assistance | 307,030 | 282,566 | 407,245 | |
|-----------------------------------|---------|---------|---------|--|

| | | | | |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Total | 39,079,034 | 17,864,159 | 29,443,345 | 19,132,608 |
|--------------|-------------------|-------------------|-------------------|-------------------|

Total Local Revenue is \$105,680,045



| <u>Local Revenue</u> | <u>2016-17 Actuals</u> | <u>2017-18 Actuals</u> | <u>2018-19 Actuals</u> | <u>2019-20 Budget</u> |
|-------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| Community Redevelopment | 2,185,773 | 2,598,100 | 2,999,856 | 2,000,000 |
| Sale of Publications | 499,106 | 316,888 | 304,131 | 272,743 |
| Food Sales | 323,611 | 298,327 | 352,932 | 356,500 |
| Leases and Rentals | 3,245 | 5,066 | 4,776 | 5,000 |
| Interest | 1,379,107 | 2,323,435 | 3,895,426 | 4,809,656 |

Interagency Fees and Contracts

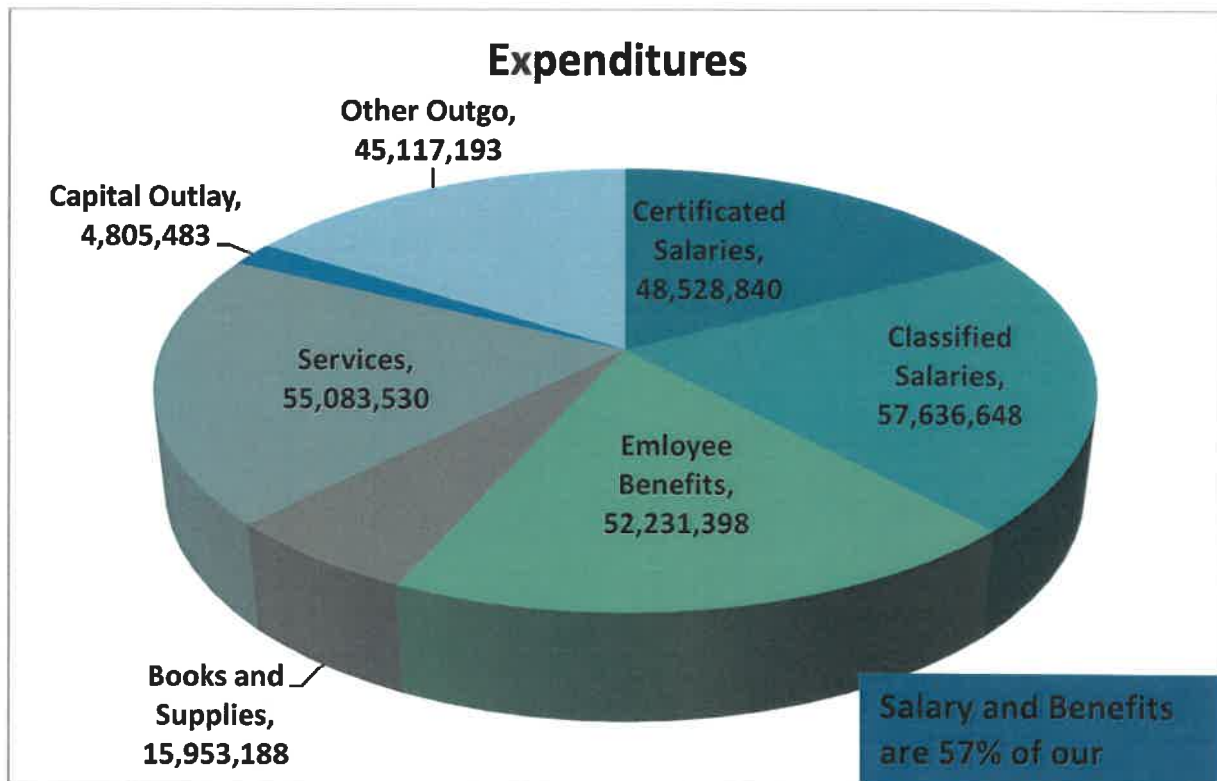
| | | | | |
|--------------------------------|------------|------------|------------|------------|
| Courier JPA | 151,700 | 160,000 | 230,000 | 210,000 |
| ACCESS Fees | 299,095 | 326,259 | 298,197 | 404,571 |
| Special Ed Infant | 391,850 | 387,600 | 515,780 | 672,072 |
| Dept. of Justice Tobacco | | | | 168,080 |
| Education Support Dependent | 286,577 | 292,556 | | |
| Project Glad | 305,989 | 303,579 | 333,880 | 235,708 |
| Preschool Glad | | | 87,952 | 70,000 |
| Special Ed JPA | 46,859 | 46,181 | 45,442 | 44,732 |
| Imagining Services | 90,912 | 92,226 | 97,731 | 90,000 |
| NOC SELPA Itinerant Services | 1,662,822 | 1,847,990 | 2,050,633 | 1,967,304 |
| Special Schools Billing | 24,361,965 | 24,583,806 | 25,825,162 | 27,483,073 |
| Stuart Foundation | 125,415 | 42,566 | 933 | 128,942 |
| SMARRTS | 518,687 | 515,931 | 540,765 | 431,403 |
| Safety of Students | 1,011,184 | 1,144,266 | 831,078 | |
| Audiologist SELPA | 279,815 | 337,632 | 273,327 | 326,635 |
| VPE Health Care Agency | 303,131 | 271,466 | 391,560 | 318,175 |
| Violence Prevention | 221,496 | 228,439 | 191,111 | 190,391 |
| Violence Prevention Admin | 208,879 | 251,866 | 228,340 | 318,930 |
| Violence Prevention Conflict | 93,295 | 101,733 | | |
| VPE Restorative Practice | | | 238,266 | 129,862 |
| VPE Threat Assessment | | | 253,288 | 240,121 |
| Violence Prevention Evaluation | 131,849 | 135,146 | 152,374 | 155,793 |
| Transportation | 2,903,006 | 2,954,769 | 3,185,060 | 4,387,597 |

| | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| School Based Supplemental | 503,520 | 477,451 | 242,553 | |
| CTE Incentive | 134,968 | 140,979 | 146,137 | |
| Environmental Field | 782,620 | 566,280 | 831,505 | 750,000 |
| School Based Stress Mgmt | | 155,000 | 155,001 | 155,000 |
| Healthy Schools Initiative | | 177,583 | - | |
| Nutrition Education | | 136,995 | 93,815 | 65,560 |
| IMPACT | 952,344 | | 1,895,395 | 3,267,482 |
| Bi-Tech Fees | 2,353,239 | 2,940,321 | 3,117,013 | 2,949,696 |
| Education Services Income | | | 1,404,732 | 1,347,600 |
| IT Services | 89,130 | 148,340 | 145,715 | 148,000 |
| MAA | | | 52,499 | 129,175 |
| K-12 Strong Workforce | | | 136,675 | 9,240,814 |
| Heising Simons Project Glad | | | | 218,450 |
| Various | 158,074 | 190,050 | 239,919 | 207,024 |
| Total Interagency | 42,759,263 | 44,498,826 | 51,788,959 | 63,896,089 |
| Registrations for workshops | 3,889,646 | 3,631,384 | 4,469,921 | 4,440,002 |
| Other Local Revenue | 5,375,830 | 6,699,006 | 5,076,162 | 3,192,440 |
| Total all 8600 Object Codes | 52,024,739 | 54,829,216 | 61,335,042 | 71,528,531 |

Tuition

| | | | | |
|--------------------------|------------|------------|------------|------------|
| Special Schools | 3,372,533 | 3,501,323 | 3,914,894 | 3,914,695 |
| ACCESS | 29,747,768 | 29,624,219 | 28,853,744 | 29,733,058 |
| Charter School Admin Fee | 232,343 | 289,248 | 399,597 | 483,374 |
| Other | 15,496 | 20,387 | 16,351 | 20,387 |

| | | | | |
|-----------------------------|------------|------------|------------|-------------|
| Total all 8700 Object Codes | 33,368,140 | 33,435,176 | 33,184,586 | 34,151,514 |
| Total All Local Revenue | 85,392,879 | 88,264,392 | 94,519,628 | 105,680,045 |



Salary and benefits are 57% of the general budget. OCDE has 1,463 employees 1,105 regular employees and 358 short term and substitute positions.

Below is a historical look at salary and benefits, which reflects the staffing and service reductions over the years as ADA and funding have declined. 2018-19 shows a decline in teaching positions that will not be filled due to declining enrollment. This was possible due to an early retirement incentive offered to certificated and classified non-management groups. For 2019-20, we offered a smaller incentive again to certificated and classified non-management groups to mitigate the decline of over 769 ADA in the 2018-19 fiscal year. The historical data also shows a sharp increase in employee benefits for both pensions and health

and welfare benefits. OCDE collaborates with our collective bargaining units and we add the cost of employee benefits to total compensation when bargaining.

| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 51,589,684 | 52,747,679 | 53,130,344 | 53,809,850 | 47,932,564 | 48,528,840 | 50,757,046 | 53,302,524 |
| 49,398,889 | 52,645,791 | 54,180,353 | 54,863,957 | 54,287,591 | 57,636,648 | 59,429,498 | 61,518,914 |
| 35,757,143 | 40,086,491 | 42,469,481 | 44,873,727 | 50,011,849 | 52,231,398 | 53,756,929 | 56,094,653 |
| 136,745,716 | 145,479,961 | 149,780,178 | 153,547,534 | 152,232,004 | 158,396,886 | 163,943,473 | 170,916,091 |
| 1162 | 1159 | 1196 | 1220 | 1157 | 1105 | | |

AB1200 guidelines require us to project revenue and expenditures for the current and two subsequent years. The chart below is an excerpt from the budget document that shows our projections for salaries and benefits. This is important budget item as it is 55% of our budget.

| | Actuals 2017-18 | Actuals 2018-19 | Second Interim Budget 2019-20 | Projected 2020-21 | Projected 2021-22 |
|-----------------------|--------------------|--------------------|--|----------------------|----------------------|
| Certificated Salaries | 53,809,850 | 47,932,564 | 48,528,840 | 50,757,046 | 53,302,524 |
| Classified Salaries | 54,863,957 | 54,287,591 | 57,636,648 | 59,429,498 | 61,518,914 |
| Employee Benefits | 44,873,727 | 50,011,849 | 52,231,398 | 53,756,929 | 56,094,653 |

Salaries in 2019-20 reflect the savings from retirements and reductions in positions, either through a reduction in force (RIF) or attrition. We have completed negotiations with all bargaining units and have included the salary increase in this budget.

Employee health and welfare benefit increases are included after we completed negotiations with healthcare providers with assistance from our broker. Currently, we have a negotiated cap, and any increase in cost will be to the employee unless negotiated differently. Due to legislative requirements, the State Teachers Retirement System (STRS) increased employers' rates from 16.28% to 17.1%. The Public Employees Retirement System (PERS) increased employer rates from

18.062% to 19.721%. This is based on a subsidized amount in Governor Newsom's adopted budget.

Salaries

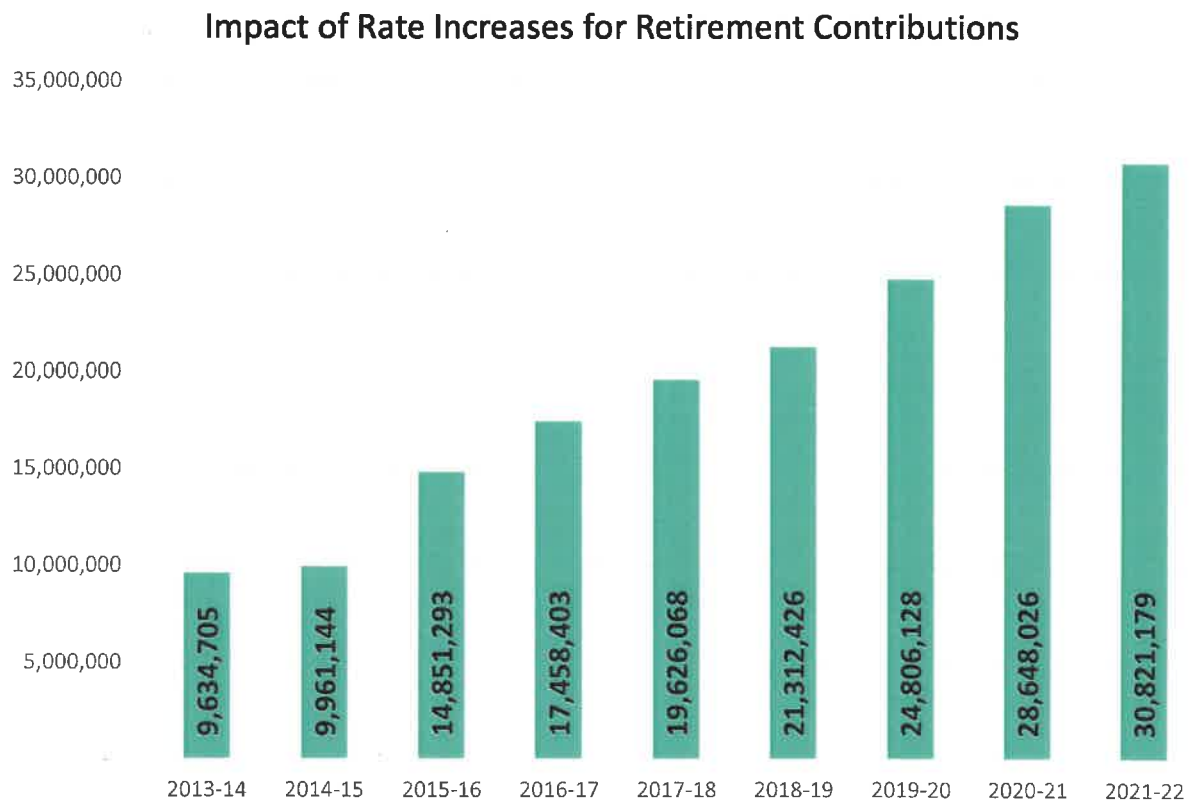
As a County Office, we have different needs than a regular school district. Our class sizes are smaller due to state regulations and the specific needs of our students. The Education Code and State Accounting Guidelines dictate how we classify positions. Below is a table that shows a summary of our Certificated and Classified positions.

| Certificated Positions | |
|---|------------|
| Teacher's Salaries | 30,162,615 |
| Pupil Support | 3,001,180 |
| Supervisors' and Administrators' Salaries | 12,847,541 |
| Other Certificated Salaries | 2,517,504 |
| Total Certificated Salaries | 48,528,840 |
| Classified Salaries | |
| Instructional Salaries | 13,466,775 |
| Support Salaries | 3,182,210 |
| Supervisors' and Administrators' Salaries | 25,280,648 |
| Clerical, Technical, Office Salaries | 15,255,737 |
| Other Classified Salaries | 451,278 |
| Total Classified Salaries | 57,636,648 |

Benefits

Expenditures for Health and Welfare and Statutory Benefits are summarized below. As an educational entity, we are required to participate in STRS and PERS for all regular employees. In 2015-16, we recognized the requirements of GASB 68 to recognize the STRS contribution made by the state on behalf of the district (see same entry in state revenue). We contribute to an alternative retirement plan (PARS) for any short term or substitute employee instead of social security unless they qualify by statute for mandatory retirement.

| | |
|-------------------------------------|-------------------|
| State Teachers' Retirement (STRS) | 13,307,211 |
| Public Employers' Retirement (PERS) | 11,498,917 |
| Medicare/PARS | 1,686,200 |
| Health and Welfare | 21,075,584 |
| Unemployment | 54,916 |
| Workers' Compensation | 1,916,266 |
| Other Employee Benefits | 2,692,304 |
| Total Employee Benefits | 52,231,398 |



Salaries and Benefits Projection Summary

Salaries: We settled negotiations with all bargaining groups at this time. We have incorporated all increases in the budget. We have included an increase for step and column adjustments.

Medical Benefits: We continue to meet with our Health Benefits Review Committee regularly, and based on our current utilization, we are seeing our utilization rate increase and preliminary quotes from the insurance carrier are higher than anticipated. We have worked with our broker to solicit bids from other carriers to evaluate pricing, plan options, and current medical provider disruptions. The Health Benefits Review Committee evaluated bids and have recommended to the Superintendent to stay with Blue Shield as our medical provider. We received a modest rate increase for our PPO, no rate increase for our HMO and TRIO plan and a negotiated cap for 2020-21 year.

Retirement Benefits: STRS employer rates will increase from 16.28% to 17.1% and PERS employer rates will increase from 18.062% to 19.721%. These rates are subsidized in the Governor's adopted budget.

Declining enrollment and programs that are not continuing in 2019-20 required us to reduce staffing for 2019-20. To minimize the impact on staff reduction, we offered a one-time retirement incentive to certificated and classified non-management staff. We had 11 certificated employees and 11 classified employees accept the retirement.

We have seen an increase in enrollment in our community schools this spring, and the retirement incentive and natural attrition helped to reduce the number of staff that were laid-off for 2019-20.

Books and Supplies

Expenditures in this category are specific to books, supplies, and non-capitalized equipment (equipment under \$5,000)

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---------------------------|-----------|------------|------------|------------|
| | | | | |
| Textbooks/Inst. Materials | 294,908 | 744,711 | 758,608 | 772,784 |
| General Supplies | 5,160,091 | 11,532,587 | 8,566,457 | 8,052,875 |
| Equipment | 573,076 | 3,675,890 | 3,743,546 | 3,812,555 |
| Total | 6,028,075 | 15,953,188 | 13,068,611 | 13,238,214 |

Books and Supplies Summary Projections

We had budgeted for furniture and equipment for anticipated moves to larger consolidated sites. Since 2014, we have been consolidating sites as our decline in ADA and teaching staff continues to decrease. For many reasons, including student and staff safety and program delivery, we have been consolidating to areas that have higher student populations where we can increase the services we offer our students. We have increased our technology purchase and internet bandwidth at most sites, but we are waiting approval for some properties managed by Juvenile Hall.

Services and Operating Expenses



Sub-Agreements \$15,716,579

These are contracts with other agencies for services they provide on our behalf. The largest contract is \$5,832,189 for transportation services, \$3,964,792 for the Strong Workforce Program, and \$2,991,892 for various entitlements and contracts.

Travel and Conference \$2,892,094

All travel is required to follow OCDE procedures. We have budgeted for staff development activities, most notably in ACCESS and Special Education in accordance with the LCAP guidelines. Major object codes for travel and mileage are below:

Object Code 5210 is for local travel, conferences and mileage. As a county-wide agency, we pay mileage to employees who travel between worksites, which is budgeted to be \$480,134 for 2019-20. Local conference registrations for local staff development opportunities are included in this budget category.

Object Code 5220 is for travel and conferences that are outside of the area and may require an overnight stay. We are budgeting \$1,269,373 for 2019-20. Many of these programs include statewide collaboration, which requires monthly meetings

in Sacramento. All out-of-state travel must be approved by the Superintendent's office.

Object Code 5230 is for registrations for conference and workshops, which is budgeted at \$1,142,587 for 2019-20.

Below is 2019-20 travel and conference year to date expenditures by division

| Detail Summary by Division R&U | Unrestricted | Restricted | Total | % of Total |
|---|---------------------|-------------------|----------------|-------------------|
| Superintendent's Office | 91,204 | - | 91,204 | 13.7% |
| Information Technology | 51,799 | - | 51,799 | 7.8% |
| Legal | 2,587 | - | 2,587 | 0.4% |
| Administrative | 36,527 | 179 | 36,706 | 5.5% |
| Alternative Education | 35,323 | 39,021 | 74,344 | 11.2% |
| Business | 11,093 | - | 11,093 | 1.7% |
| Special Education | 414 | 25,281 | 25,695 | 3.9% |
| Governance, Leadership, & Comm Partnerships | 16,688 | - | 16,688 | 2.5% |
| Educational | 112,366 | 241,174 | 353,540 | 53.3% |
| Total | 358,002 | 305,655 | 663,658 | 100.0% |

Dues and Memberships: \$414,580

- Existing policy on dues and memberships states that we do not pay personal dues for employees (see exceptions) unless the dues reduce the cost of a conference or subscription that will create a savings for the organization. We pay for one organizational membership for an association unless OCDE receives a benefit and there may be a cost savings.

Pupil Insurance: \$350,000

- This is liability insurance for OCDE programs

Utilities: \$1,130,121

- Water, Natural Gas, Electricity, Waste Disposal, Pest Control and Sweeping services

Rentals and Leases: \$11,045,086

- The cost of leasing our school sites is \$8,680,590. This category also includes equipment maintenance agreements for all of our sites

Professional Services: \$22,660,299

- This group includes expenditures for maintenance and service contracts, custodial contracts, Instructional Consultants, Consultants Non-Instructional, hearing and legal costs, Data processing contracts, and contracts for fingerprinting services.

Communication: \$874,771

- This category includes: Internet services at sites, postage, cell phones, telephones and emergency radios

Services and Operating Services Summary Projections

We have increased our investment in staff development and anticipate continuing to focus on instructional strategies that will improve our students' college and career readiness.

Major Projects: We have budgeted for site improvements for leased sites for our ACCESS program as we transition to larger sites that will allow for more instructional opportunities such as career technical classes, and make spaces for technology. Though we will occupy larger sites, we will be closing over 23 smaller sites due to declining enrollment.

We are in the process of looking at options to update our payroll and retirement system that is over 15 years old. The current system processes payroll for over 90,000 school district and community college district employees in Orange County. We are also evaluating software for a Learning Management System and Data Analytics for business and instructional programs.

Capital Outlay

These are expenditures for land, building improvements, capitalized (over \$5,000) equipment or replacement equipment. We have budgeted \$3 million for new equipment in the 2019-20 year.

Capital Outlay Summary Projections

We are in the process of bidding numerous projects for the 2019-20 year. Replacing exterior doors and windows at the Kalmus site, and refurbishing of bathrooms for Buildings A, B and C. We are evaluating long-term space planning to forecast our space needs at our current locations, which will require investment in updated furniture to meet the changing needs of our employees. We updated our vehicle fleet for many of our programs to decrease costly maintenance on vehicles that were over 15 years old. Some of these items will be reimbursed by deferred maintenance funds.

Other Outgo

These are expenditures to other school districts or agencies. The Central County Career Technical Education Program continues to receive support through LCFF transition, and our commitment will be completed in 2020-21.

Interfund Transfers:

We are budgeting to transfer \$557,904 to the Child Development Program located in Fund 12, because their state and federal entitlements cap our indirect rate at 8%. We are also budgeting to transfer \$980,735 for contributions to the Deferred Maintenance Program - Fund 14 for future facility maintenance needs as required by the State.

Excess/Deficiency:

This is the difference between revenue and expenditures. If we have more revenue than expenditures, then it is an Excess. Less current year revenue than current year expenses is a Deficiency.

Summary

Our updated projection for 2019-20 reflects an excess \$2,767,402. This includes funds that are expected to be received in this year that are planned to be spent in future years. The Second Interim Budget does include salary and benefit increases in accordance to our collective bargaining agreements. With our continual decline in enrollment we will continually monitor our budget and reduce on-going expenditures as needed.

We continue to evaluate our instructional needs, as we are required to show increased or improved services for our students that receive supplemental and concentration funding which is allocated in our LCAP. We are not anticipating receiving new on-going revenue, but we have increased expenditures for settled salary agreements, STRS, PERS, and Health Benefits. OCDE's philosophy is that ending balance reserves should only be spent on one-time expenditures since it is not an on-going stream of revenue.

Fund Balance:

The 2019-20 fund balance is projected to be \$196,718,138

\$42,834,060 is committed for specific program needs.

- \$10,525,020 is reserved for LCAP services to serve our students that we receive supplemental and concentration grants.
- \$8,207,606 is reserved for Lottery funds that have been reserved for contingencies.
- \$6,934,632 is reserved for mandated cost funding that has yet to be allocated for specific programs.
- \$4,820,633 is reserved for Medi-Cal Administrative Activities (MAA) for technology upgrades.
- \$3,948,968 is reserved for District Differentiated Support.
- \$2,987,481 is reserved for E-rate funding that is used to reimburse technology expenditures. This funding is to help with technology infrastructure and equipment replacement.

- \$2,456,566 is reserved for the various workshops and trainings that will occur in the subsequent year.
- \$890,847 is reserved for Overage Payroll/Warrant checks that have not been cashed, and funds have been returned to the general fund. The reserve is to issue payment as requests are made.
- \$812,324 is reserved for Career Technical Education programs. This is funding for participating districts.
- \$470,308 is reserved for the various programs that are budgeting to spend the funding in the next year.
- \$318,699 is reserved for Categorical programs ending balances that will be used in subsequent years.
- \$306,209 is reserved for the Special Education Alliance that has funds for specific trainings and legal costs.
- \$154,767 is reserved for Information Technology projects.

\$44,438,499 is designated for carryover for specific programs

- \$21,662,297 is restricted for Routine Maintenance and is required by state statute
- \$9,384,757 is restricted to be spent on facility or health and safety related items.
- \$8,514,342 is restricted for Multi-Tiered Support Systems.
- \$1,167,928 is restricted for the Special Schools billback program
- \$1,064,073 is restricted for various income accounts for future work
- \$865,717 is restricted for the K-12 Strong Workforce program
- \$789,195 is restricted for various Special Education program ending balances.
- \$669,350 is restricted for Lottery materials for Central County CTEp.
- \$320,840 is restricted for Lattner donation for Special Schools.

\$109,375,579 is designated for Reserve for Economic Uncertainties

\$70,000 is designated for the revolving funds for emergencies

We continually monitor our budget and reduce expenditures when possible to balance OCDE's budget. We continue to evaluate our instructional needs as we are required to show increased or improved services for our students that receive supplemental and concentration funding which is allocated in our LCAP. We are not anticipating receiving new on-going revenue, but we have increased expenditures for salary settlements, STRS, PERS, and Health Benefits. OCDE's philosophy is that ending balance reserves should only be spent on one-time expenditures since it is not an on-going stream of revenue.

Other Funds: OCDE has additional operating funds listed below. The California Department of Education requires accounting in accordance to State Account Code Structure and Generally Approved Accounting Principles. Expenditures in these funds are restricted to the funds use. See the All Funds Statement in the Adopted Budget for detail.

Fund 10: Special Education Pass-Through Funds for the North Orange County SELPA (no salaries).

Fund 12: Child Development Fund are funds that are specific for our Child Development Alternative Payment program and other early learning programs (only fund outside of Fund 01 that has salaries included).

Fund 14: Deferred Maintenance Fund is for facility repairs and requires a deferred maintenance plan for participation in the School Facility Reimbursement Program.

Fund 17: Special Reserve Fund is our contingency fund for unforeseen events.

Fund 35: State Facilities Fund is the fund for approved school planning, design, purchase, and construction.

Fund 40: Capital Outlay Fund is our operating fund for the Esplanade Project.

Fund 56: Debt Service Fund is the fund we pay the principal and interest payments for the Esplanade Project.

Fund 67: Dental Self-Insurance Fund is the fund for payments for employee dental benefits. We have an actuarial study completed every three years and are required to keep reserves for incurred but not received claims.

Orange County Department of Education
List of Contracts
FISCAL YEAR 2019-20

| CONTRACT TITLE | AMOUNT | SOURCE | Funding Source |
|--|--------------|--------|---|
| Addiction Substance Abuse Education & Recognition Treatment, (ASERT) | \$ 404,571 | Local | County of Orange |
| Alcohol, Drug Abuse Prevention Services (LYNK) | \$ 359,500 | Local | County of Orange Health Care Agency |
| California Preschool Instructional Network (C.P.I.N.) | \$ 373,267 | Local | Sacramento County Office of Education (SCOE) |
| Conectar | \$ 1,861 | Local | UCI |
| Educational Support for Dependent Youth | \$ 374,778 | Local | OC Social Services |
| Friday Night Live | \$ 400,000 | Local | Co. of Orange Health Care Agency |
| Healthy Schools Initiative (United Way) | \$ 200,000 | Local | Orange County United Way |
| History, Social-Science Frameworks Project | \$ 15,750 | Local | San Diego COE |
| Improve and Maximize Programs so all Children Thrive (IMPACT) | \$ 2,070,072 | Local | Children & Families Commission of Orange County |
| Improve and Maximize Programs so all Children Thrive Hubs (IMPACT HUB) | \$ 1,197,410 | Local | Children & Families Commission of Orange County |
| Intervention & Regional Capacity Building | \$ 96,000 | Local | San Diego County COE |
| K-12 School-Based Mental Health Services: Educational Activities | \$ 167,644 | Local | Co. of Orange Health Care Agency |
| K12 Strong Workforce Program | \$ 9,073,170 | Local | Rancho Santiago Community College District |
| Moving the Needle | \$ 71,267 | Local | Californians Dedicated to Education Foundation |
| Nutrition Ed. and Obesity Prev. (NEOP), Anaheim & La Habra | \$ 65,560 | Local | Community Action Partnership |
| OCDE Preschool GLAD- Dual Language Lmrs PD | \$ 218,450 | Local | Heising-Simons Foundation |
| School Based Stress Management Education Services | \$ 155,000 | Local | Co. of Orange Health Care Agency |
| School Based Violence Prevention Education- VPE/HCA | \$ 1,353,272 | Local | Co. of Orange Health Care Agency |
| School Readiness Collaborative | \$ 50,000 | Local | Children & Families Commission of Orange County |
| Special Education Audiologist | \$ 326,635 | Local | Various OC SELPA/districts |
| Special Education Fairview | \$ 7,903 | Local | Co. of Orange Health Care Agency |
| Special Education Parent Infant Education Support (PIES) | \$ 672,072 | Local | District Billing/Reimbursement program |
| St Jude Early Ed | \$ 35,814 | Local | St. Jude Hospital |
| STEM + Computing Partnerships | \$ 2,534 | Local | UCI |
| Strong Workforce (Cypress) | \$ 100,593 | Local | North Orange County CCD |
| Stuart Foundation | \$ 128,942 | Local | Stuart Foundation |

| CONTRACT TITLE | AMOUNT | SOURCE | Funding Source |
|--|----------------------|--------|---|
| Substance Abuse & Mental Health Counseling Services (SMARTT) | \$ 431,403 | Local | County of Orange Drug, Alcohol Department |
| Tobacco - California Department of Justice | \$ 168,080 | Local | California Department of Justice |
| Youthful Offender "Re-Entry" | \$ 104,900 | Local | County of Orange |
| Grand Total | \$ 18,626,448 | | |

Orange County Department of Education
List of Entitlements
FISCAL YEAR 2019-20

| ENTITLEMENT TITLE | AMOUNT | SOURCE | Funding Source |
|--|---------------|---------|---|
| AB602 Special Education (Apportionment/Low Incidence/Out of Home Care) | \$ 26,876,382 | State | State Of California |
| California Assessment of Student Performance and Progress (CAASPP) | \$ 8,043 | State | State of California |
| California Career Innovations (CCI) | \$ 82,544 | Local | Cal State Los Angeles |
| California Complete Count - Census 2020 | \$ 300,770 | State | State of California |
| California Partnership Academies (CPA) | \$ 250,000 | State | State of California |
| CALWORKS Stage II Federal, F2AP | \$ 1,578,342 | Federal | US Department of Health and Human Services Administration for Children and Families |
| CALWORKS Stage II State, G2AP | \$ 7,501,704 | State | State Of California |
| CALWORKS Stage III Federal, F3TO | \$ 3,428,249 | Federal | US Department of Health and Human Services Administration for Children and Families |
| CALWORKS Stage III State, G3TO | \$ 2,105,337 | State | State Of California |
| Classified School Employee | \$ 1,240,000 | State | State Of California |
| Commission on Teacher Credentialing (on-going) | \$ 19,154 | State | State Of California |
| Dispute Resolution | \$ 18,945 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Dual Language Learners Professional Development | \$ 1,034,948 | Federal | US Dept. of Health and Human Services |
| English Language Proficiency Assessments for California (ELPAC) | \$ 3,530 | State | State Of California |
| Every Student Succeeds Act Comprehensive Support and Improvement County Office | \$ 192,772 | Federal | US Department of Education Office of Elementary and Secondary Education & State of California |
| Every Student Succeeds Act Comprehensive Support and Improvement LEA | \$ 349,089 | Federal | US Department of Education Office of Elementary and Secondary Education & State of California |
| Federal Alternative Payment Program | \$ 23,947,453 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Federal Mental Health | \$ 496,348 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Federal Preschool | \$ 200,114 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Foster Youth Services | \$ 1,037,497 | State | State Of California |
| General Alternative Payment Program | \$ 5,863,497 | State | State Of California |
| Health Framework | \$ 2,948,679 | State | State Of California |
| IDEA Local Assistance Part B | \$ 8,385,223 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |

| ENTITLEMENT TITLE | AMOUNT | SOURCE | Funding Source |
|---|--------------|-----------------|---|
| IDEA Local Assistance Part B-Parentally Placed ISP | \$ 38,959 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Inclusive Early Learning and Care Coordination Program | \$ 720,239 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Local Planning Council (Federal = \$101,491, State = \$6,927) | \$ 108,418 | State & Federal | US Department of Health and Human Services Administration for Children and Families & State of California |
| Lottery Funding | \$ 974,142 | State | State Of California |
| Low Performing Students | \$ 91,911 | State | State Of California |
| Mandated Costs | \$ 779,742 | State | State Of California |
| McKinney-Vento | \$ 250,000 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Part C, Early Education (Federal Revenue) | \$ 373,789 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Part C, Early Education (State Revenue) | \$ 115,374 | State | State Of California |
| Perkins Innovation and Modernization | \$ 297,731 | Federal | US Department of Education |
| Poetry Out Loud | \$ 6,201 | State | State Of California |
| Preschool Staff Development | \$ 1,999 | Federal | US Department of Education Office of Special Education and Rehabilitative Services |
| Quality Counts California Quality Rating & Improvement System (QCC QRIS) - 18/19 | \$ 139,100 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Quality Counts California Quality Rating & Improvement System (QCC QRIS) - 19/20 | \$ 628,878 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Quality Counts California Regional Certification and Coordination (QCC RCC) - 18/19 | \$ 31,881 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Quality Counts California Regional Certification and Coordination (QCC RCC) - 19/20 | \$ 223,644 | Federal | US Department of Health and Human Services Administration for Children and Families |
| Quality Rating Information System (QRIS) - Yr 5 18/19 | \$ 143,718 | State | State Of California |
| Quality Rating Information System (QRIS) - 19/20 | \$ 3,246,924 | State | State Of California |
| Salary Retention Incentive (AB212), (Federal = \$396,668, State = \$47,277) | \$ 443,945 | State & Federal | US Department of Health and Human Services Administration for Children and Families & State of California |
| Science, Technology, Engineering, Arts, and Mathematics (STEAM) | \$ 105,000 | State & Federal | US Department of Health and Human Services Administration for Children and Families & State of California |
| State Mental Health | \$ 2,765,737 | State | State Of California |
| Student Support and Academic Enrichment Competitive Program (SSAE) | \$ 1,074,695 | Federal | US Department of Education |
| Systems of Support for Expanded Learning | \$ 266,200 | State & Federal | US Department of Education Office of Elementary and Secondary Education & State of California |

| ENTITLEMENT TITLE | | AMOUNT | SOURCE | Funding Source |
|--|--|-----------------------|---------|---|
| Title I Part A | | \$ 3,315,044 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Title I Part D | | \$ 1,958,984 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Title II - Teacher Quality, Part A | | \$ 102,889 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Title III, Immigrant | | \$ 780 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Title III, LEP - Part A | | \$ 77,990 | Federal | US Department of Education Office of Elementary and Secondary Education |
| Title IV, Part A | | \$ 230,552 | Federal | US Department of Education Safe and Healthy Student |
| Tobacco Use Prevention Education (TUPE) 2014-20 | | \$ 48,723 | State | State Of California |
| Tobacco Use Prevention Education (TUPE) 2014-20 | | \$ 680,000 | State | State Of California |
| Tobacco Use Prevention Education (TUPE)- Admin CTALF Prop 99 | | \$ 164,598 | State | State Of California |
| Tobacco Use Prevention Education (TUPE)- Admin. CTAT Prop 56 | | \$ 683,886 | State | State Of California |
| Tobacco-Use Prevention Education Capacity Building Provider | | \$ 1,377,241 | State | State Of California |
| Unemployment Insurance | | \$ 163,335 | State | State Of California |
| Grand Total | | \$ 109,500,869 | | |

Orange County Department of Education
List of Grants
FISCAL YEAR 2019-20

| GRANT TITLE | AMOUNT | SOURCE | Funding Source |
|---|--------------------|--------|---|
| Career Technical Education (CTEIG) Incentive (NEW 1920) | \$ 288,188 | State | State of California |
| Career Technical Education (CTEIG) Incentive | \$ 1,714,308 | State | State Of California (Regional Consortium) |
| Grand Total | \$2,002,496 | | |