

Irvine Unified School District

LCAP/Budget Study Session



April 20, 2023



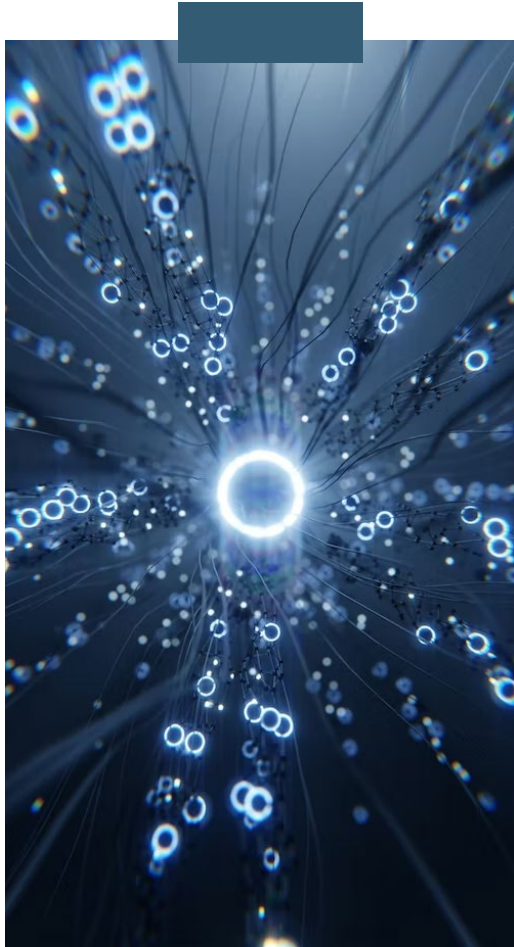
Goals & Outcomes

- ❑ Review 2023-34 LCAP Development Process
 - ❑ The goals of the LCAP and the components of the LCAP document
 - ❑ Educational partner engagement and involvement in the draft LCAP
- ❑ Review 2023-24 District Budget
 - ❑ Discussion and analysis of the Local Control Funding Formula (LCFF)
 - ❑ Initial budget projections



LCFF
&
LCAP





What is the purpose of the LCAP?

- ❑ To align planning and budgeting efforts
- ❑ To monitor implementation of actions
- ❑ To monitor student progress by sub-groups
- ❑ To engage educational partners-students, parents, and staff
- ❑ To ensure oversight by the Board of Education

2023-24 LCAP Document



- Budget Overview for Parents
- Plan Summary
- Educational Partner Engagement
- Goals, Actions, Expenditures and Progress Indicators
- Increased or Improved Services for Unduplicated Students
- Expenditure Tables
- Federal Addendum
- Attachments

Educational Partner Engagement

Annual Survey, January 2023

- January-February
- 24,467 Respondents
 - 18,147 Students
 - 5,049 Parents
 - 1,450 Staff

2023-24 ThoughtExchange LCAP Activity, Spring 2023

- January-March
 - 1,698 Participants
 - 4 Languages
- 1,797 Individual Thoughts
- 36,712 Star Rankings
- Educational Partner Groups



High Priority Themes

Mental Health

Staff Support

Academic Interventions

Consultation with Employee Associations as Educational Partners



- ❑ Our employees provide input into the LCAP at their school and district sites and during the survey process for educational partners
- ❑ There is a duty to consult with the employee associations, ITA and CSEA, who represent our employees
- ❑ While the LCAP process is not subject to collective bargaining, the LCAP process is typically discussed as an informational item in bargaining meetings

The Intersection of the LCAP with Collective Bargaining

- ❑ Items in the LCAP related to curriculum content, selection of instructional materials and the use of technology, require consultation with bargaining units separately from the LCAP process under Government Code 3543.2, if specifically requested by the bargaining units
- ❑ In addition, decisions made as a result of the LCAP process can have implications for collective bargaining, especially as it relates to particular issues that are negotiable by law, like class size and salary, benefits, and working conditions



State Priorities

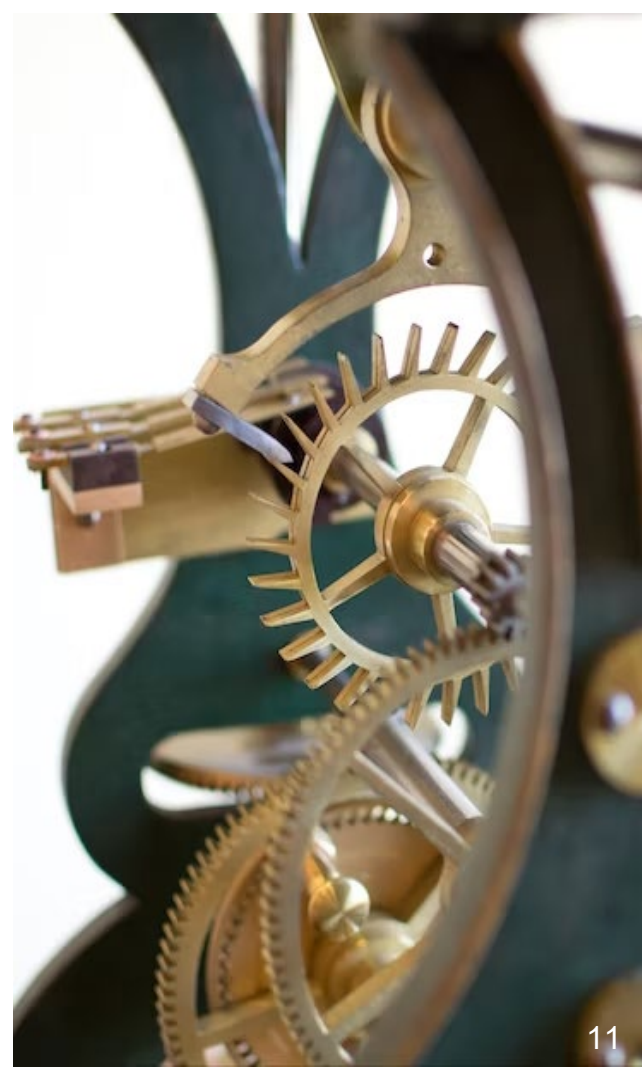
1. Teacher credentialing and access to materials
2. Quality Facilities
3. Access to and mastery of academic state standards
4. Parent Involvement
5. Student Engagement
6. School Climate
7. Access and enrollment
8. Pupil Outcomes



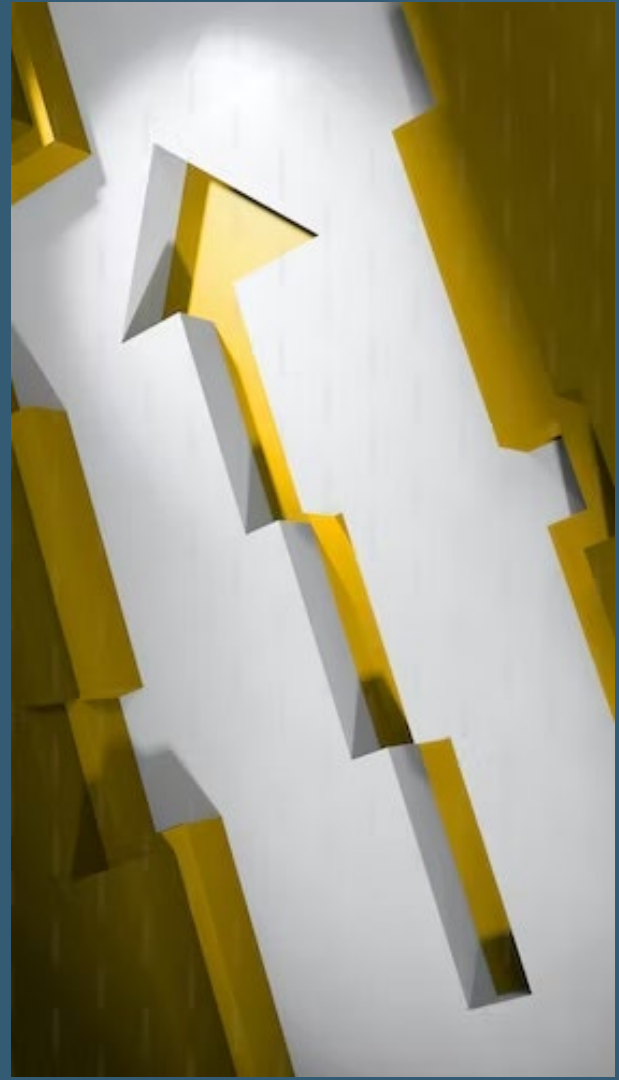
Goals, Actions, Expenditures and Progress Indicators

3 District Wide Goals

- ❑ **Goal 1:** Create a positive school climate and system of supports for student personal and academic growth
- ❑ **Goal 2:** Ensure all students attain proficiency in state standards through access to rigorous and relevant learning tools, resources, and skills for all staff and students
- ❑ **Goal 3:** Address barriers limiting student participation in programs and provide equity in allocation of resources



Progress Indicators



Goal 1



- Attendance
- Chronic Absenteeism**
- MS Dropout Rate**
- HS Dropout Rate**
- Graduation Rate**
- Suspension Rate**
- Expulsion Rate**
- Parent Engagement Activities
- Parent Engagement Activity
Attendance

Goal 2



- CAASPP Performance ELA**
- CAASPP Performance Math**
- Performance on Local Assessments
- A-G Requirements or CTE Pathway
- UC/CSU Requirements
- EL Progress Toward Proficiency (ELPI)**
- EL Reclassification Rate**
- PSAT/NMSQT ELA
- PSAT/NMSQT Math

Goal 3



- Teachers Appropriately Assigned/Credentialed**
- Access to Standards Aligned Materials**
- School Facilities FIT Report**
- Students Taking 2 or More CP Courses
- Students with 1 or more AP Courses
- Students with Score of 3 or Higher on AP Assessments



LCAP Goal 1

Create a positive school climate and system of support for student personal and academic growth



State Priorities Addressed:

Priority 3: Parent Involvement

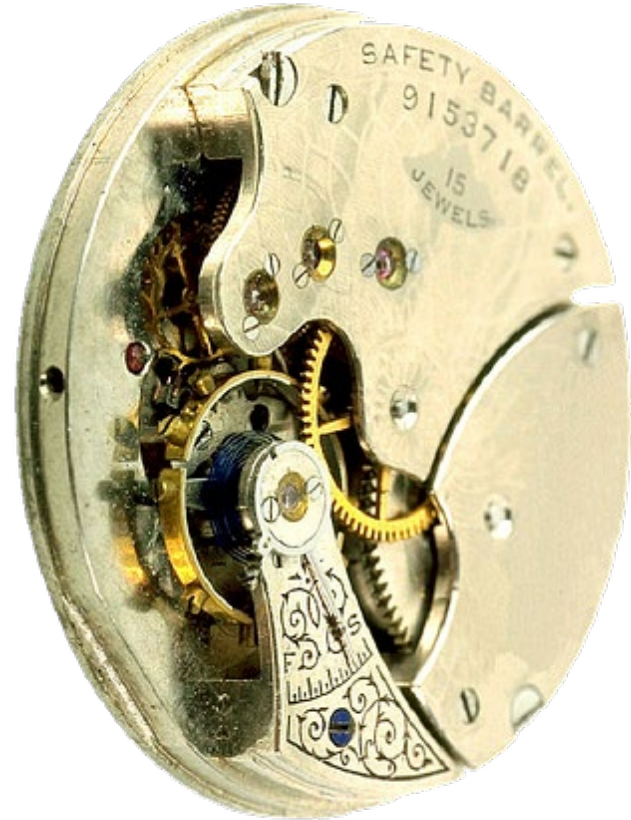
Priority 5: Pupil Engagement

Priority 6: School Climate

Budget Prioritization Focus Areas: Goal 1

Action Item #	Action Item	Total	One-Time	Ongoing	23-24 Other Funding
1.2.A	Summer School	\$600,000	\$200,000	\$400,000	
1.2.B	Summer School-Athl Augmentation	\$30,000		\$30,000	
1.4.A	Project Success/Guidance Assistant/Wellness Support	\$335,000	\$335,000		
1.4.D	Elementary Resource Counselors (ERC)	\$2,115,000		\$1,865,000	\$250,000 IPSF
1.7.A	Optimistic Advantage	\$50,000	\$50,000		
1.8.A	Graduation Support	\$593,818	\$123,818	\$470,000	
1.8 A	Graduation Support	\$355,682	\$355,682		Stimulus/IMF/Sites

	Stimulus Funds/Other Funding
	Educator Effectiveness Grant



LCAP Goal 2

Ensure all students attain proficiency in state standards through access to rigorous and relevant learning tools, resources, and skills for staff and students

State Priorities Addressed:

- Priority 4: Pupil Achievement
- Priority 7: Access & Enrollment
- Priority 8: Student Outcomes

Budget Prioritization Focus Areas: Goal 2

Action Item #	Action Item	Total	One-Time	Ongoing	23-24 Other Funding
2.2.A	Professional Learning Communities	\$1,297,000	\$616,000	\$681,000	
2.3.A	Curriculum/Special Ed TOSAs	\$1,400,000	\$280,000	\$1,120,000	
2.3 A	Curriculum/Special Ed TOSAs	\$560,000	\$560,000		
2.3.B	Stipends-Mentors/Curriculum Development	\$500,000	\$500,000		
2.3.C	Education Technology TOSAs	\$420,000		\$420,000	
2.3.D	HS Site Technology Mentors	\$50,000		\$50,000	
2.4.A	Computer Match	\$500,000		\$500,000	
2.4.B	Technology Maintenance Fund	\$600,000		\$600,000	
2.6.A	PE Paraprofessionals	\$877,000		\$577,000	\$300,000 EPF
2.6.B	PE Support	\$65,000	\$65,000		

	Stimulus Funds/Other Funding
	Educator Effectiveness Grant



LCAP Goal 3

Address barriers limiting student participation in programs and provide equity in allocation of resources



State Priorities Addressed:

Priority 1: Basic Services:

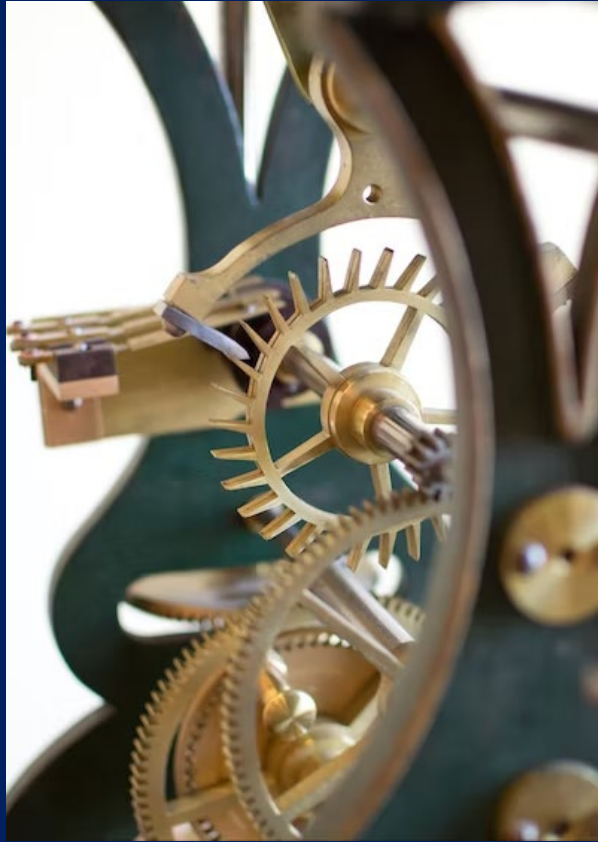
Credentials/Materials

Priority 2: Implementation of Academic Standards

Budget Prioritization Focus Areas: Goal 3

Action Item #	Action Item	Total	One-Time	Ongoing	23-24 Other Funding
3.1.B	Impacted/Intervention Sections grades 7-12	\$1,400,000	\$1,400,000		
3.2.D	MS Stipends-Student Support/Safety	\$50,000	\$50,000		
3.2.E	HS Allocation -Student Support/Safety	\$285,000	\$285,000		
3.2.F	Equal Opportunity Schools	\$90,000		\$90,000	
3.3 D	Paper (Grade Slam)	\$435,000	\$235,000	\$200,000	
3.3 E	Learning Labs	\$100,000		\$100,000	
3.4.B	Reduce Induction Fees	\$100,000	\$100,000		
3.5.A	Innovative Furniture	\$100,000	\$100,000		
3.6.A	CTE/ROP Sections	\$230,000	\$230,000		

	Stimulus Funds/Other Funding
	Educator Effectiveness Grant



2023-24

Budget/LCFF

2023-24 Budget/LCAP

- Provide overview of State's fiscal outlook and impact on Proposition 98 funding
- Discuss Governor's January 2023-24 Budget proposal
 - Ongoing funding through the Local Control Funding Formula (LCFF)
 - One-time Categorical funding – Spending Plan
- Locally Funded/Basic Aid vs. LCFF Analysis
- Discuss use of available funding in the current and subsequent budget year used to develop LCAP
- Provide financial illustration assuming allocation of available district funds
- Ongoing Challenges

State Fiscal Outlook

- Persistent inflation, rising interest rates, lingering supply chain issues and the struggling stock market continue to stifle growth both nationally and in California
- While the Governor's revenue forecast assumes slower economic growth, but not a recession, most economists now believe that a mild recession will occur in 2023 or 2024
 - Considered a risk to the budget
- The Governor's Budget forecasts General Fund revenues approximately \$31 billion lower than at the 2022-23 enacted state budget
- An estimated gap of \$22.5 billion in state's General Fund for 2023-24
- While Proposition 98 is reduced it is largely protected compared to other parts of the state budget

Proposition 98

- Constitutional amendment approved by voters in 1988 with stated goals:
 - Establish “stable, minimum guaranteed funding level” for K-14
 - Receive special status during the annual budget development
 - Receive a minimum share of the State General Fund
 - Keep pace with the economy
 - Take school financing out of politics

TEST
1

K-14 education’s share of state
General Fund revenues in 1986–87
(~38%)

Operative test for 2023–24, and has
been for the last four fiscal years

TEST
2

Prior-year funding adjusted for
ADA and changes in per capita
personal income

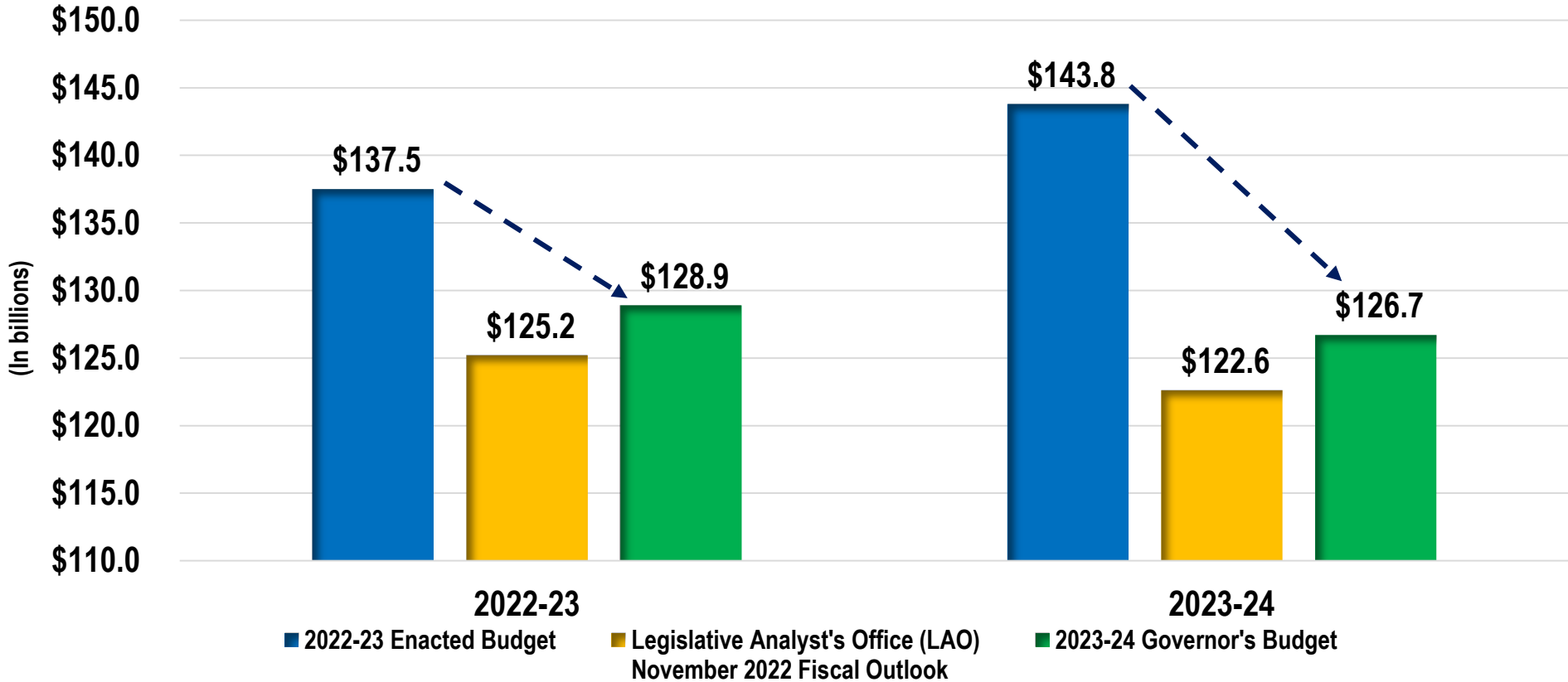
This test is usually operative in a
strong economy

TEST
3

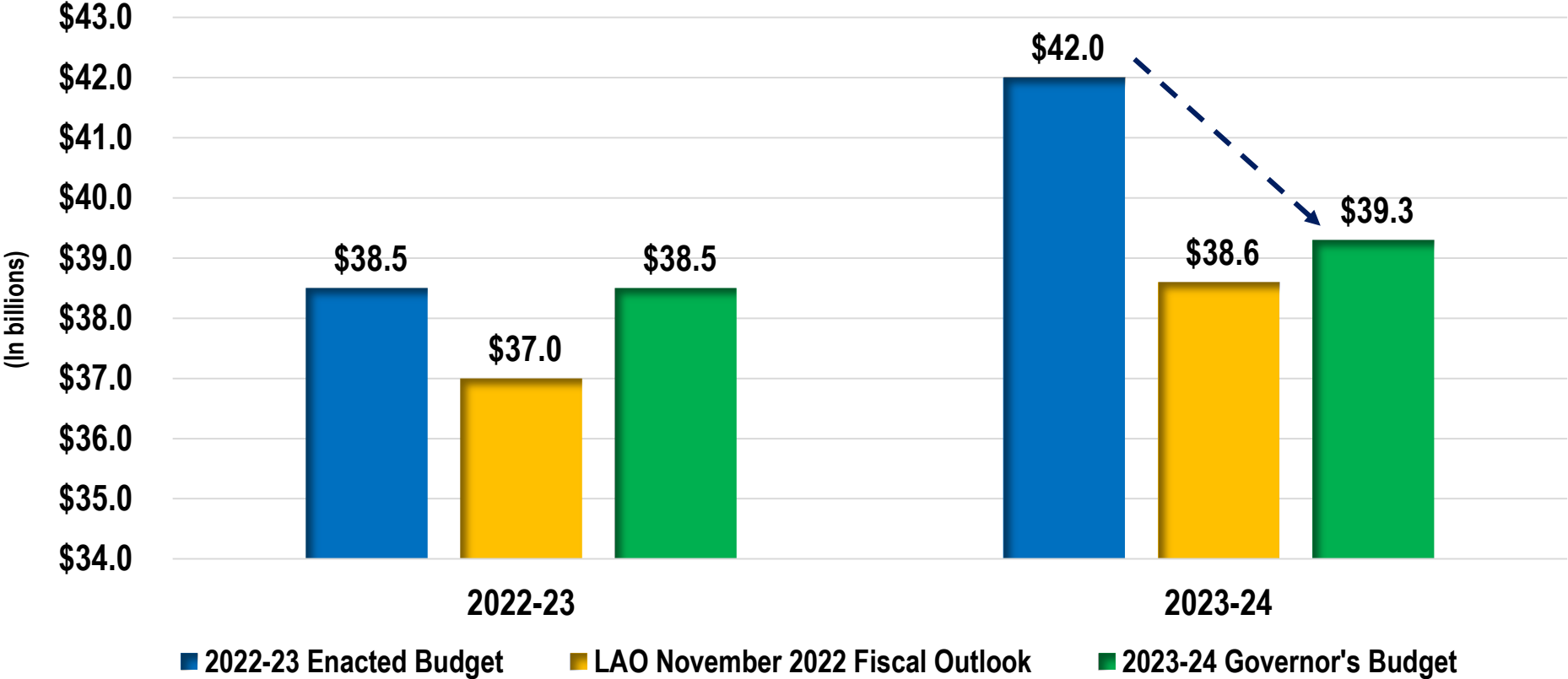
Prior-year funding adjusted for
average daily attendance (ADA)
and changes in per capita
General Fund revenue + 0.5%

Usually operative in weak economy

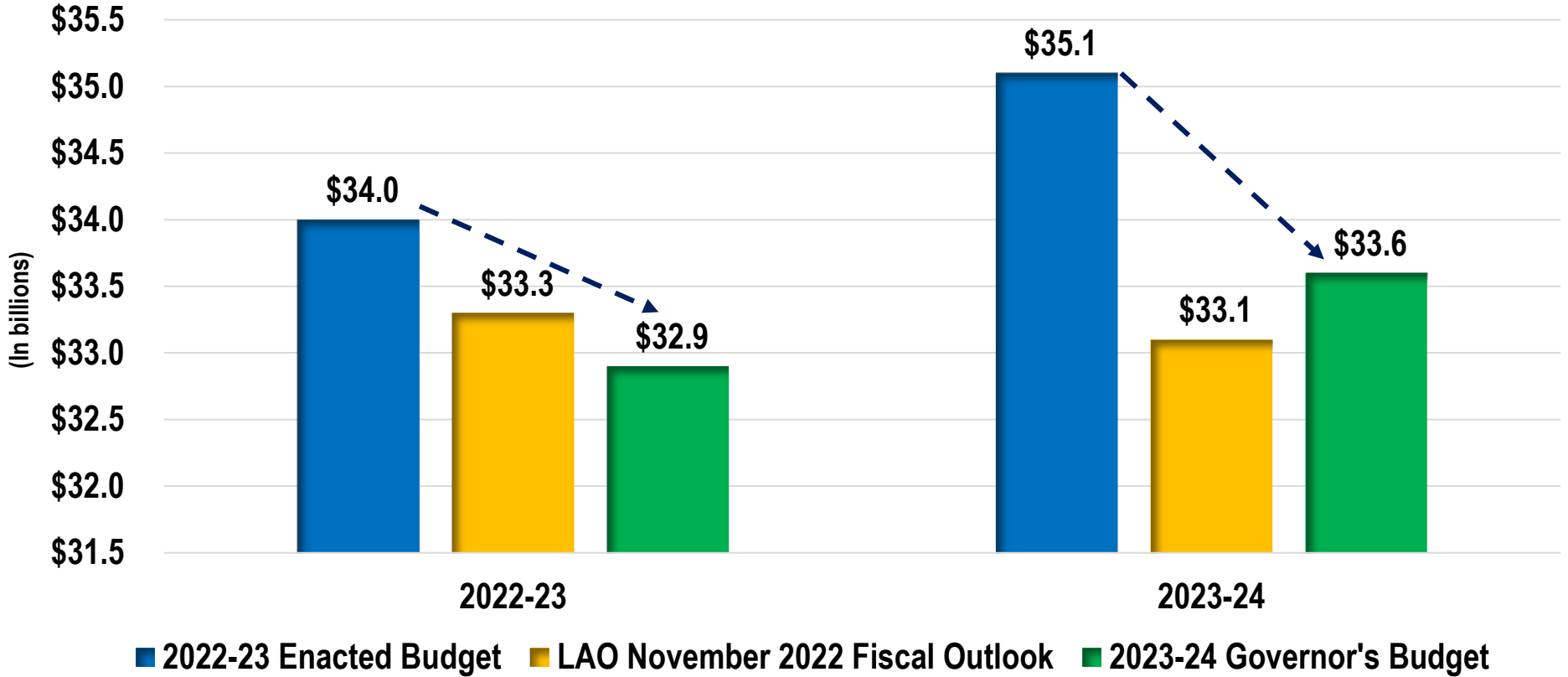
Governor's 2023-24 Budget Projections for Personal Income Tax



Governor's 2023-24 Budget Projections Corporation Tax

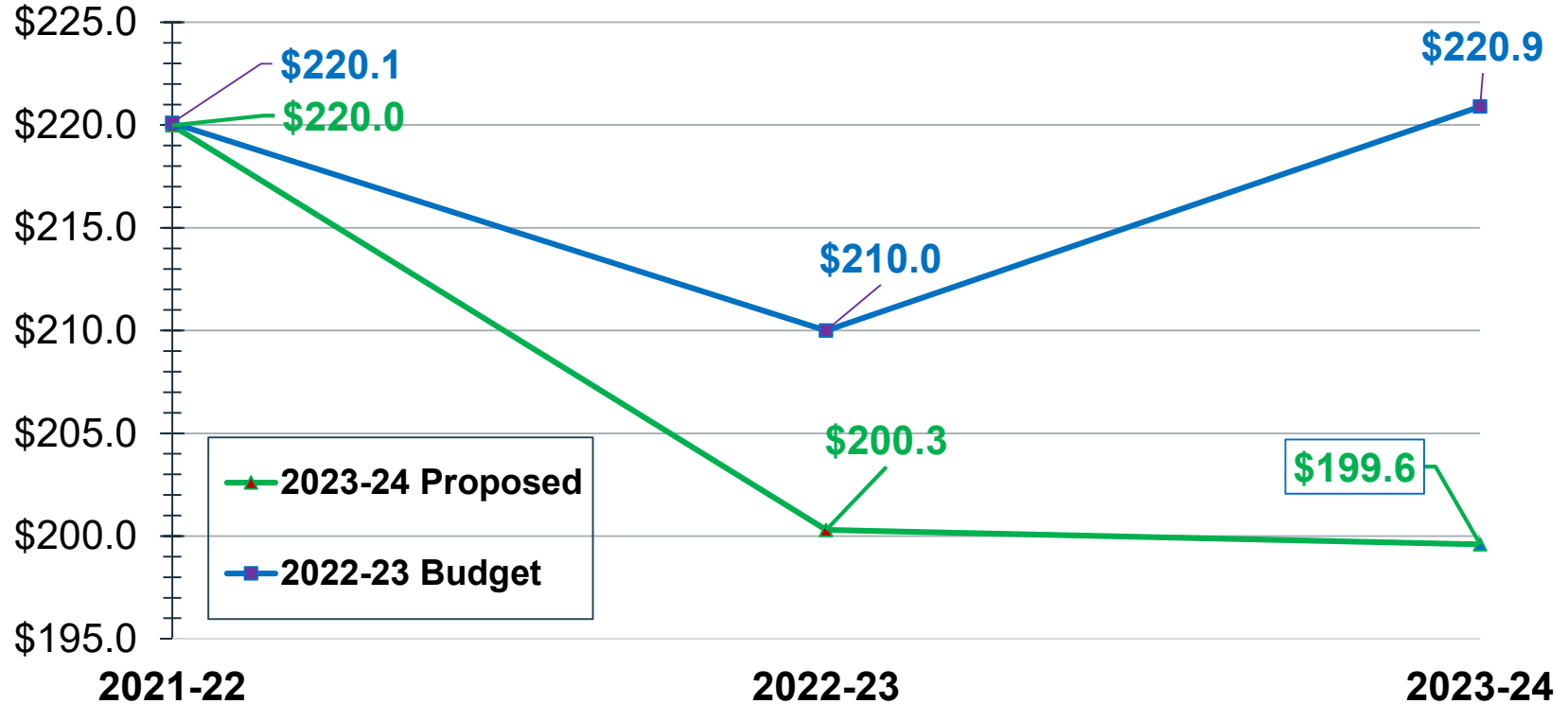


Governor's Budget Projections Sales and Use Tax

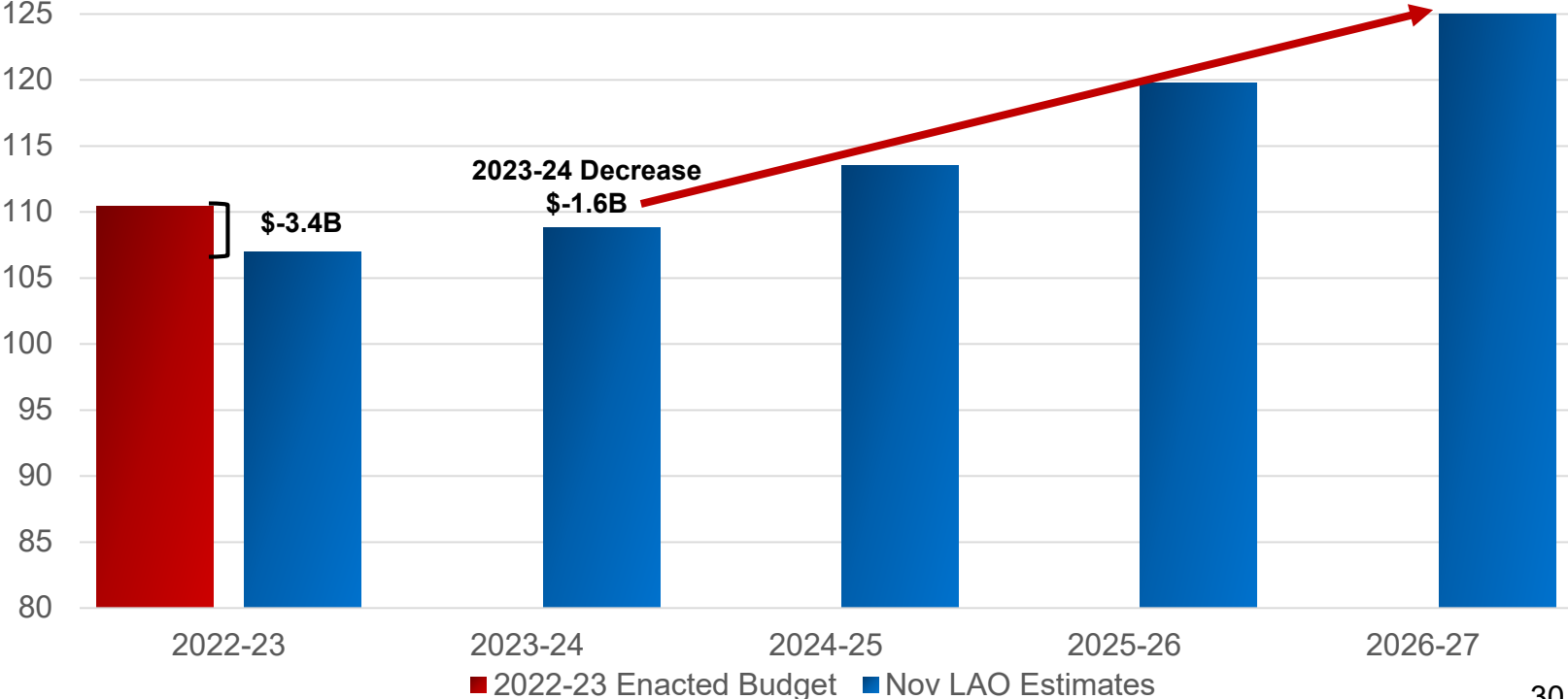


State General Fund Revenues

(Dollars in billions)

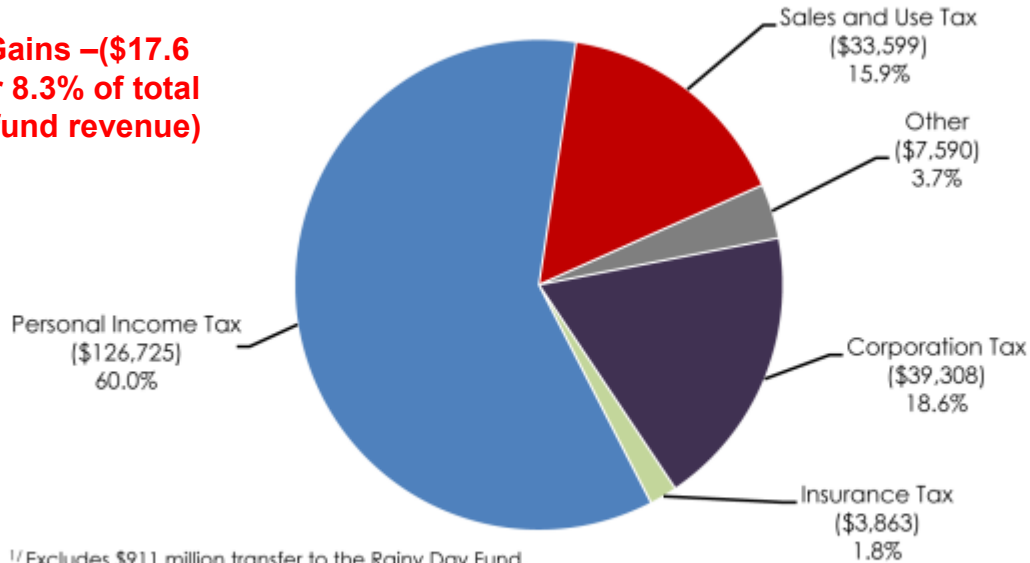


Prop 98 Funding



2023-24 General Fund Revenues

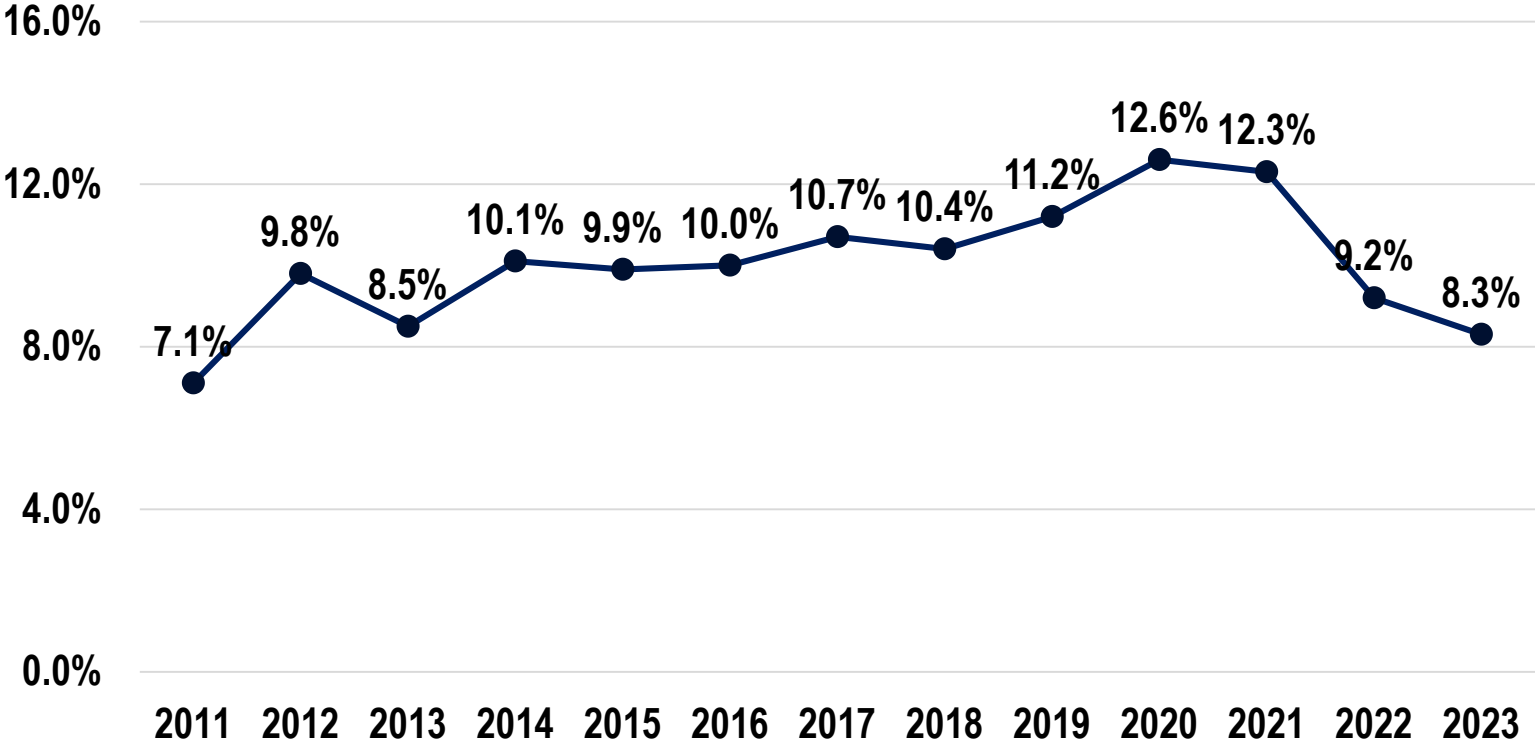
2023-24
General Fund Revenues and Transfers^{1/}
(Dollars in Millions)



Capital Gains –(\$17.6 billion or 8.3% of total general fund revenue)

^{1/} Excludes \$911 million transfer to the Rainy Day Fund.

Capital Gains Revenue as a Percent of General Fund Tax Revenues



State General Fund Revenues Tracking

- ▶ The Department of Finance recently reported that tax collections through February were down approximately \$4.9 billion from what was included in the Governor's January Budget Proposal

2022-23 State Tax Collections In Millions

	Forecast	Actual	Difference
Personal Income Tax	\$69,389	\$65,752	-\$3,637
Sales and Use Tax	\$17,503	\$16,720	-\$784
Corporate Tax	\$23,003	\$22,522	-\$481
Total	\$109,895	\$104,994	-\$4,901

- ▶ Delay in 2022 tax filing until October will make May Revise revenue projections a challenge

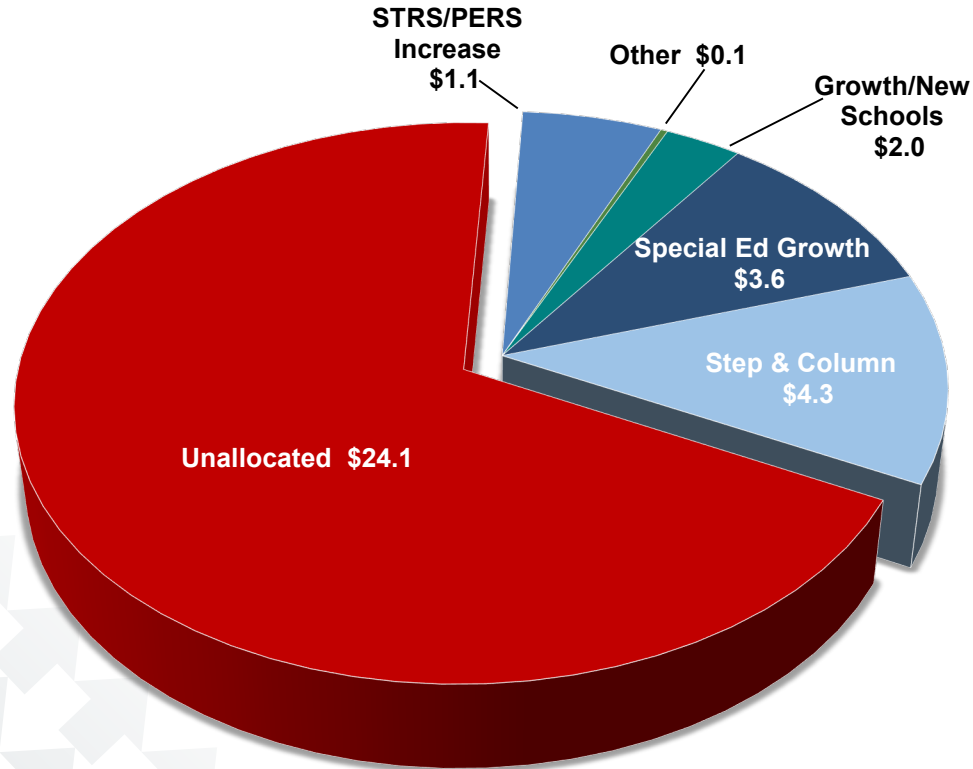
2023-24 Governor's January Proposal Highlights

- The Governor's 2023-24 January Budget proposal for K-12 focuses on preserving key initiatives created when revenues were robust
 - Transitional Kindergarten
 - Expanded Learning Opportunities Program...
- The number of changes in the current budget are minimal
- Gone are the series of new ongoing and one-time categorical programs that have filled the Proposition 98 minimum guarantee in recent years during economic expansion
- Essentially the budget provides for Cost-of-Living Adjustments (COLAs) for the Local Control Funding Formula (LCFF) and most categorical programs already in place

2023-24 Governor's January Proposal Highlights

- For IUSD the 8.13% COLA to the LCFF represents a year-over-year ongoing increase of approximately \$35.2 million
- After accounting for annual increases in expenditures related to step and column, pension costs, and special education approximately \$24.1 million in ongoing funding will be available for allocation
 - **Governor reduced one-time Arts and Music Discretionary Grant by \$1.2 billion in current year to assist in funding COLA**
 - **For IUSD reduces Grant by \$8 million**

Utilization of \$35.2 Million Ongoing Funding (in billions)



2023–24 LCFF Funding

The Local Control Funding Formula (LCFF) – represents over 94% of IUSD’s unrestricted funding

Increase to the LCFF

\$4.7 billion to fund 8.13% compounded COLA

Equity Multiplier

\$300 million

\$80 billion in 2023–24

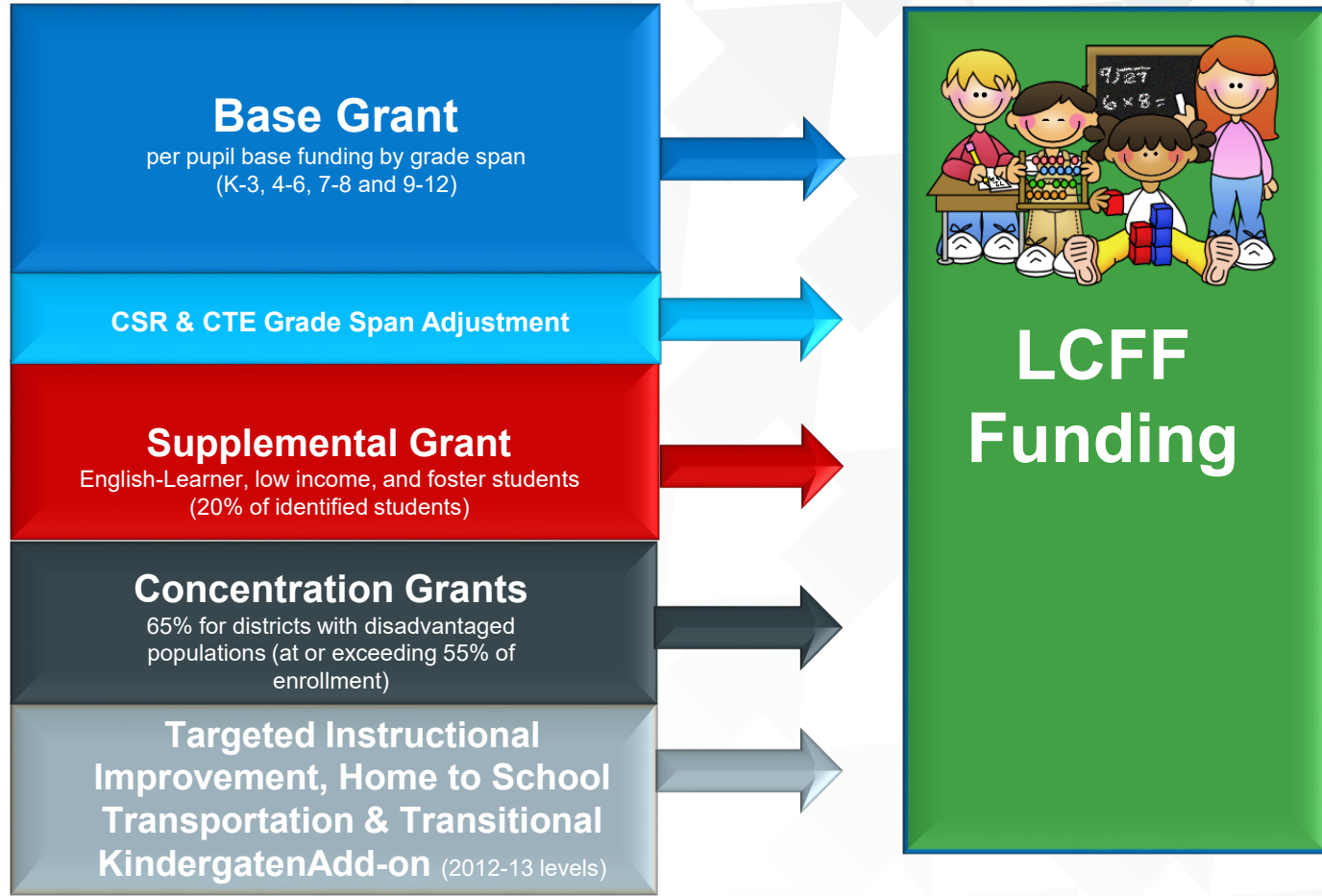
Total 2023–24 LCFF funding

Average increase in per-pupil funding (individual results will vary)

\$1,086

IUSD increase in per-pupil funding.....\$915

Major Components of the LCFF



IUSD LCFF Projected Funding 2023-24

Base Grant	TK-3	4-6	7-8	9-12	Totals
2022-23 Projected ADA	10,439	8,345	5,590	10,935	35,309
Base Grant Per ADA	\$9,911	\$10,060	\$10,359	\$12,005	
Base Grant Funding	\$103,460,929	\$83,950,700	\$57,906,810	\$131,274,675	\$376,593,114
Adjustments (CSR/CTE)	\$1,031			\$312	
Base Grant Adjustments	\$10,762,609			\$3,411,720	\$14,174,329
Total Base Grant Funding	\$114,223,538	\$83,950,700	\$57,906,810	\$134,686,395	\$390,767,443

IUSD LCFF Projected Funding 2023-24

Supplemental Grant	K-3	4-6	7-8	9-12	Totals
20% of Base Grant and Unduplicated Disadvantage %	\$644	\$592	\$610	\$725	
Unduplicated Disadvantaged %	29.44%	29.44%	29.44%	29.44%	
Supplemental Grant Funding	\$6,722,716	\$4,940,317	\$3,409,528	\$7,928,042	\$23,000,603
HTS Transportation					\$1,268,710
Targeted Instructional Improvement Block Grant*					\$1,448,459
Transitional Kindergarten					\$2,399,990
Total LCFF Funding	\$120,946,254	\$88,891,017	\$61,316,338	\$142,614,437	\$418,885,205

Locally Funded/Basic Aid vs. LCFF

- There are three main factors/variables impacting when a district transitions from LCFF funding to Locally Funded
 - Annual assessed property valuation and corresponding property tax collections
 - Districtwide enrollment/Average Daily Attendance (ADA) growth
 - Statewide LCFF apportionment increases
- Analysis on when IUSD may become locally funded
 - Current enrollment/ADA projections
 - Projected Cost-of-Living Adjustments (COLA) based on Department of Finance forecasts
 - Property tax collection growth of 5%-8% annually

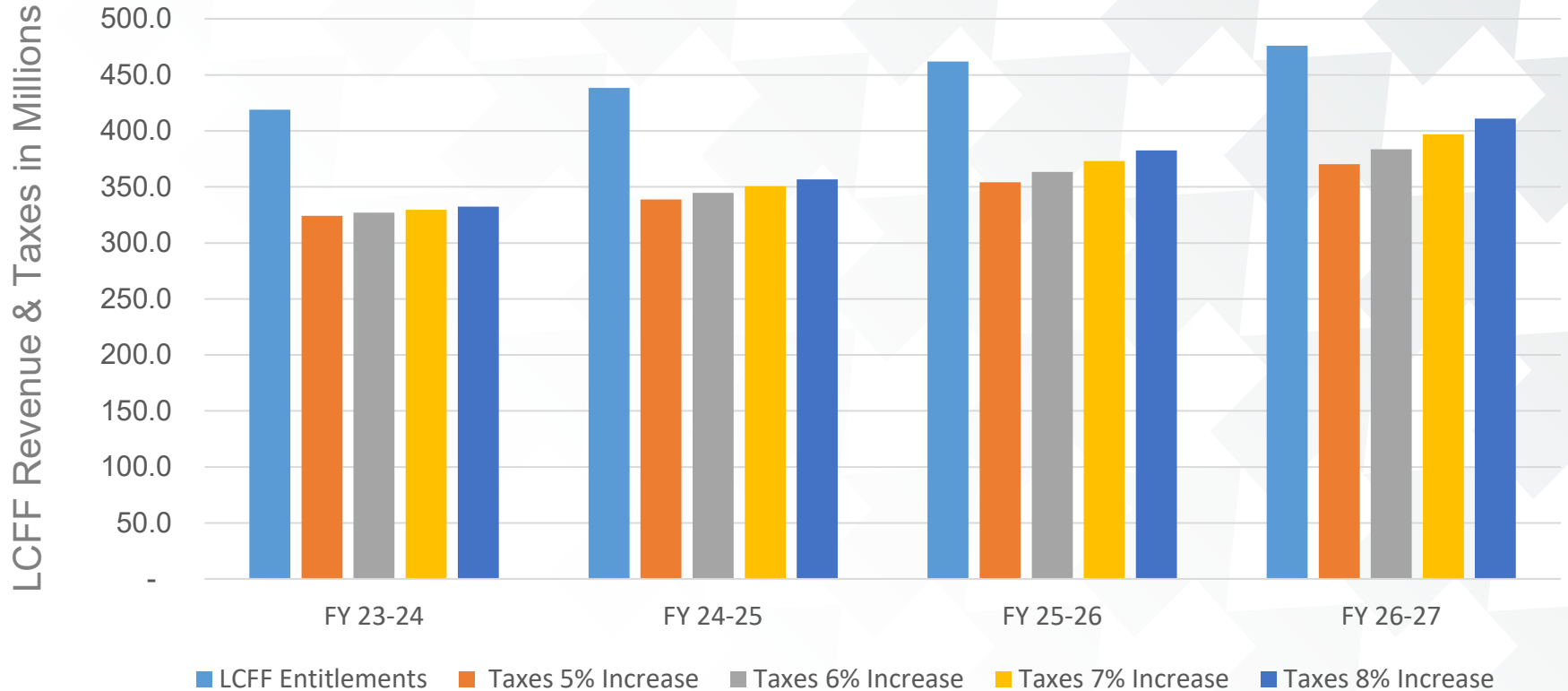
Locally Funded/Basic Aid District Funding Model



- IUSD is currently a LCFF funded district
- Current distribution
 - **Total LCFF Funding: \$383.7M**
 - \$310M – Local Property Taxes – 81%
 - \$73.7 – State Aid
- Locally funded districts receive almost all funding from local property taxes
- Small amount from Categorical 2012-13

Based on current projections, IUSD will not be Basic Aid through 2026-27

Locally Funded vs. LCFF Funded



Building 2023-24 LCAP/Budget

- Utilizing input from numerous stakeholders through the LCAP process, IUSD has leveraged use of one-time resources over multiple fiscal years
- Approximately \$7.8 million in “one-time” investments were targeted to drop off at end of 2023
- In recognition, current year one-time resources set aside unallocated from 2021-22
- Some of these action items were moved to ongoing in 2022-23 leaving an unfunded amount of approximately \$5.5 million
- Utilization of Federal Stimulus Funds and State grants where appropriate



Budget Prioritization Focus Areas

Description	LCAP 2023-24 One-Time
<i><u>Summary by Major Category:</u></i>	
Goal 1	\$1,064,500
Goal 2	\$2,021,000
Goal 3	\$2,400,000
Total LCAP	\$5,485,500
Less: Funded with State/Federal resources	(\$1,515,682)
Total Allocated	\$3,969,818
Total Available	\$5,300,000
<i>Remainder for future LCAPS:</i>	\$1,330,182

2022-23 to 2024-25 Budget Projections (illustration)

Unrestricted General Fund

Assuming Workload Budget

Description	2022-23 Projected	2023-24 Projected	2024-25 Projected
Total Revenues	\$407,463,516	\$442,207,883	\$461,846,673
Total Expenditures	(\$339,804,172)	(\$332,933,221)	(\$339,981,363)
Utilization of One-Time Resources (LCAP)		\$3,969,818	
Utilization of ongoing resources		\$24,100,000	\$24,100,000
Revised Total Expenditures	(\$339,804,172)	(\$361,003,039)	(\$364,081,363)
EXCESS (DEFICIENCY)	\$67,659,344	\$81,204,844	\$97,765,310
Other Sources/Uses	(\$84,957,155)	(\$86,215,727)	(\$83,152,585)
Net Increase/(Decrease)	(\$17,297,811)	(\$5,010,883)	\$14,612,725

Projections based on 2022-23 Second Interim (including all salary increases) and Governor's 2023-24 January Budget Proposal.

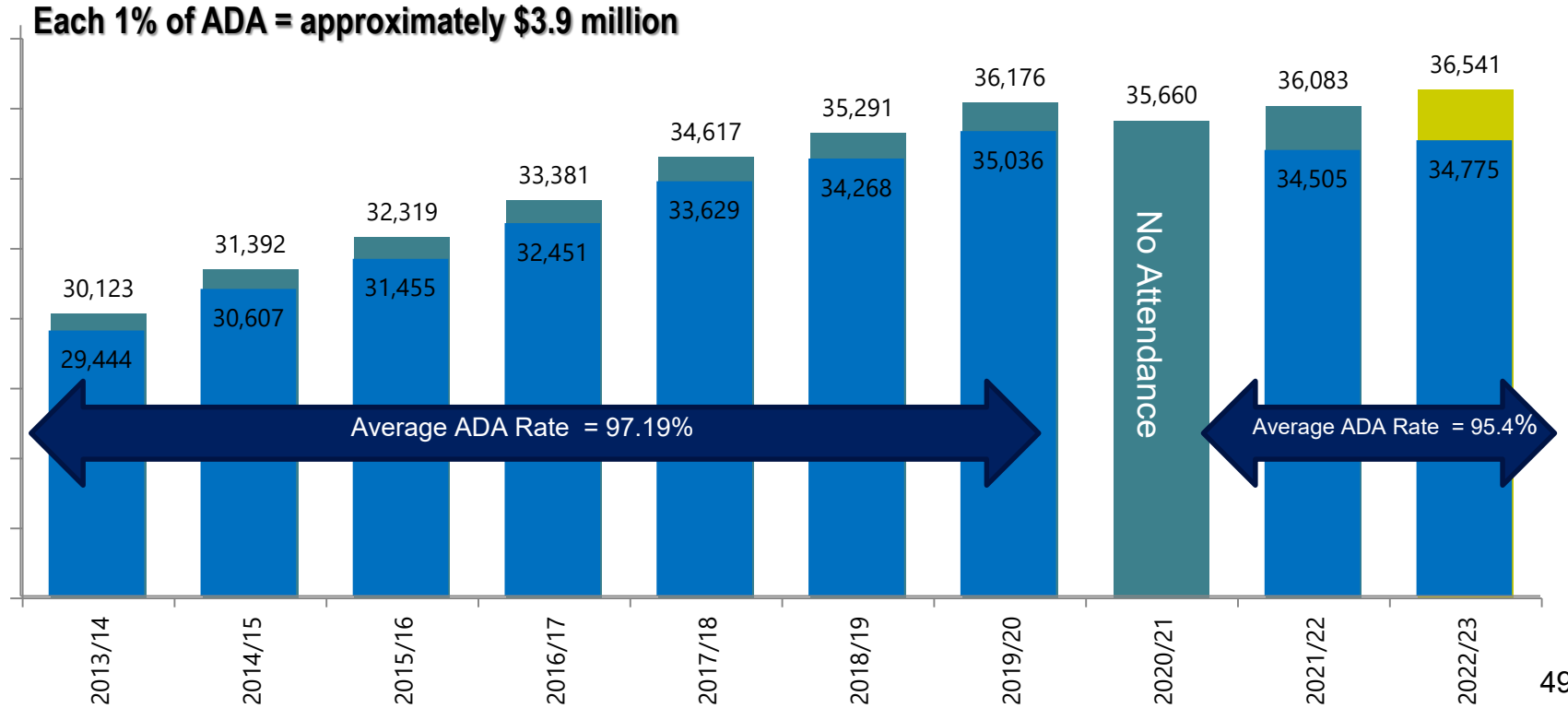
2022-23 to 2024-25 Budget Projections (illustration) Unrestricted General Fund - Assuming Workload

Description	2022-23 Projected	2023-24 Projected	2024-25 Projected
Beginning Fund Balance	\$48,165,865	\$30,868,054	\$25,857,171
Estimated Ending Fund Balance	\$30,868,054	\$25,857,171	\$40,469,896
<u>Components of Ending Fund Balance:</u>			
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000
State Recommended Minimum Reserve - DEU	\$11,352,000	\$11,343,760	\$11,081,469
Contingency Reserve	\$5,000,000	\$5,000,000	\$5,000,000
Reserved for future LCAP	\$5,300,000	\$5,485,500	\$5,485,500
Ongoing funds allocated in 2023-24	\$4,669,305		
Reserve for Transportation Funding	\$2,362,955	\$2,362,955	\$2,362,955
Remainder	\$1,833,794	\$1,314,956	\$16,189,972

Ongoing Challenges

- The LCFF represents well over 90% of Unrestricted Revenue (for IUSD 94%), yet funding disproportionately benefits districts with high concentrations of disadvantaged students
- District-wide/State-wide Enrollment
- One-time Categorical Funding
- State revenues very volatile
 - Heavily dependent on high income earners driven largely by capital gains from the stock market
 - Inflation at least a temporary concern – may cause stock market volatility and negatively impact 2022-23 State Capital Gains
- Impact of ongoing pension increases
- Uncertainty remains how the economy will fully return after COVID...
- Recession looming?

IUSD Enrollment Trends (TK-12)



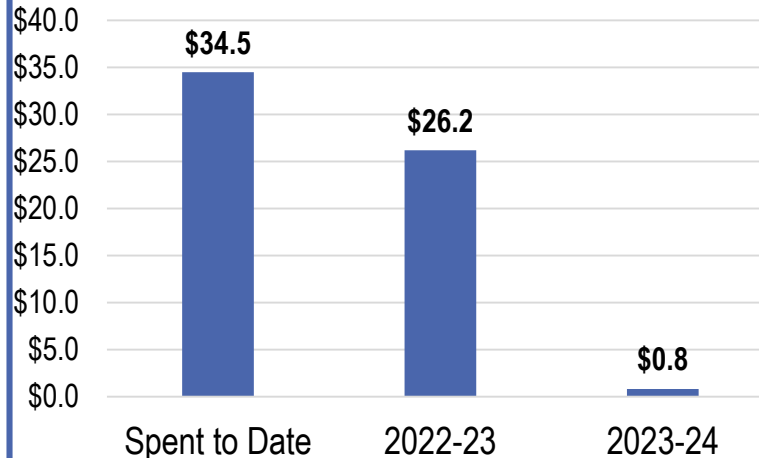
One-time Federal and State Funds

In response to the COVID-19 Pandemic, District received a series of one-time Federal and State Funds in 2020-21 and 2021-22

Summary of Prior Years One-time funding:

Expanded Learning Opportunities	\$22,438,520
In-Person Instruction	\$12,383,580
ESSER II	\$ 8,186,021
ESSER III	<u>\$18,364,727</u>
Total:	\$61,405,952

Planned Stimulus Expenditures (in Millions)



Utilization of New 2022-23 Additional One-time Funding (Approximately \$48.5M)

Learning Recovery Emergency Block Grant
Estimated Funding: 25.8M

Arts, Music and Instructional Discretionary Block Grant
Estimated Funding: \$15.2M (Potentially \$23 M)

Other Available One-time Funds:\$7.5M

Allowable Uses:

- Increase instructional learning time
- Implement or expand learning supports to close learning gaps
- Integrate pupil supports and staff support/training to address other barriers to learning
- Provide access to instruction for credit-deficient pupils to graduate or improve college eligibility
- Provide additional academic services to pupils such as diagnostic, progress monitoring, and benchmark assessments for pupil learning

Allowable Uses:

- 100% Discretionary – can be used on any operational costs

Suggested additional uses:

- Diverse and culturally relevant book collections for school and classroom libraries
- Standards-aligned professional development and instructional materials
- Instructional materials and professional development on improving school culture
- COVID-19 related materials, supplies, and equipment

Allowable Uses:

- 100% Discretionary – can be used on any operational costs
- Funds are from department and district carryover from current and prior years

Learning Recovery Emergency Block Grant Allocation 25.9M (Funds must be spent by 2027-28)

Description	2023-24	2024-25	2025-26	Total
Additional staffing to lower student to teacher ratio at secondary	\$3,180,000	\$3,243,600	\$2,045,097	\$8,468,697
Additional staffing to support Tier III intervention at elementary	\$3,600,000	\$3,672,000	\$3,745,440	\$11,017,440
Additional Mental Health Support at HS*	\$831,354			\$831,354
Advancement Via Individual Determination Program (AVID)	\$527,500	\$538,050	\$548,811	\$1,614,361
Summer School Extended School Year and Learning Recovery	\$1,966,548	\$1,966,548		\$3,933,096
Totals:	\$10,105,402	\$9,420,198	\$6,339,348	\$25,864,948

* Additional Mental Health Support at HS funded with other one-time funds in 2024-25

**Arts, Music and Instructional Materials Discretionary Block Grant
Allocation -\$15.2M – Could be restored to \$23M
(Funds must be spent by 2025-26)**

Description	2023-24	2024-25	Total
Additional Mental Health Support at MS	\$473,486	\$482,956	\$956,442
Additional Elementary Resource Counselors	\$1,853,783	\$1,905,729	\$3,759,512
Additional Counselor Support - Secondary	\$1,028,524	\$1,049,094	\$2,077,618
Additional Mental Health Support (FRC)	\$69,749	\$71,144	\$140,893
Additional Special Education Support	\$119,000	\$119,000	\$238,000
Transition Camps - Secondary	\$120,603	\$120,603	\$241,206
Additional tech support	\$150,595	\$150,595	\$301,190
Software, Chromebooks, technology refresh, instructional materials (Tier III)*	\$3,793,081	\$3,679,131	\$7,472,212
Totals:	\$7,608,721	\$7,578,252	\$15,187,073

Allocation of Other One-Time Funds - \$7.5M (No timetable on when funds must be spent)

Description	2023-24	2024-25	2025-26	Total
Additional Mental Health Support at HS*		\$793,673		\$793,673
Additional Nurses***		\$250,000	\$250,000	\$500,000
Additional Special Education Support	\$1,625,811	\$1,658,328	\$1,691,493	\$4,975,632
Tier III Materials**		\$400,000		\$400,000
Middle School extended day	\$435,000			\$435,000
Campus Control Assistants	\$365,000			\$365,000
Totals:	\$2,425,811	\$3,102,001	\$1,941,493	\$7,469,305

* Additional Mental Health Support at HS funded under LRE Grant in 2023-24

** Additional Tier III Materials funded under Arts and Music Discretionary Block Grant in 2023-24

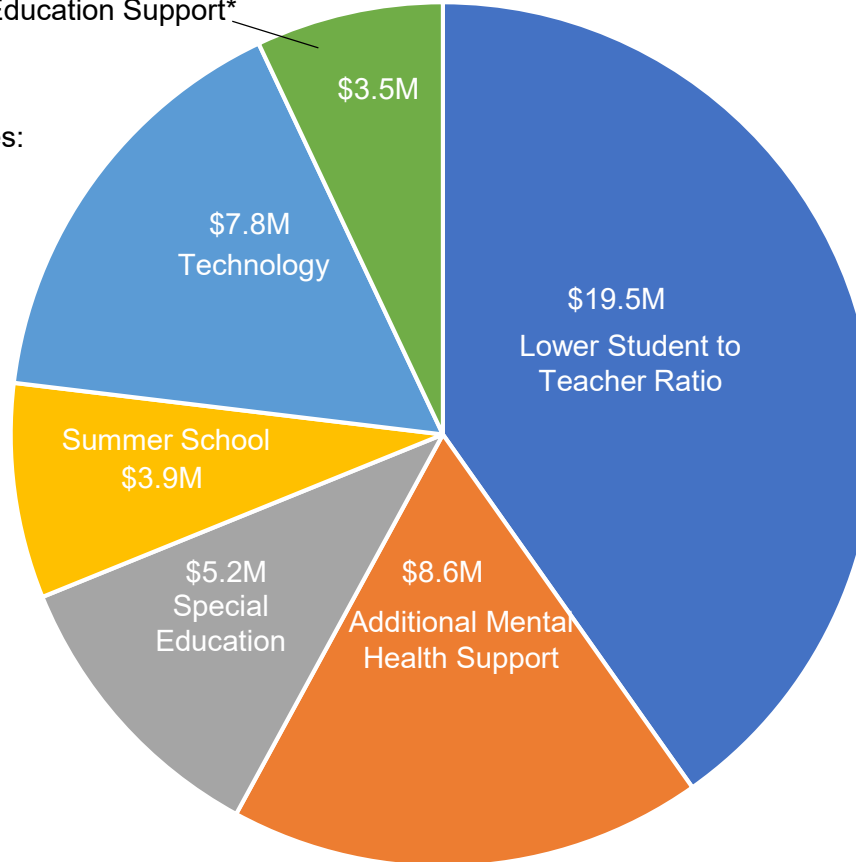
*** Additional Nurses funded through Student Support Services in 2023-24

Distribution of One-Time Funds

Additional Education Support*

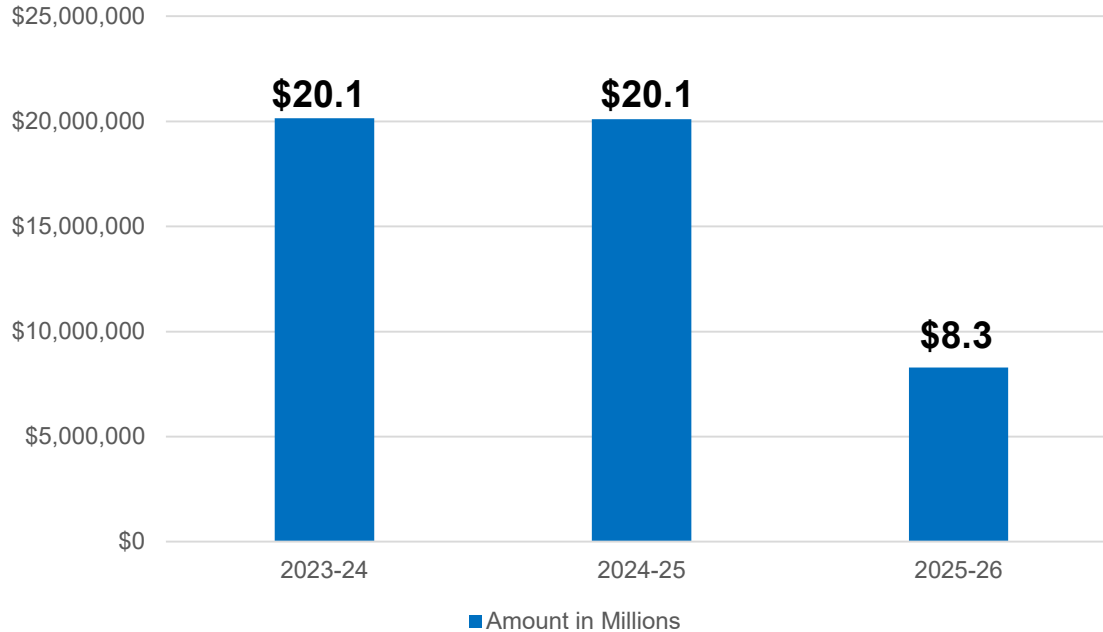
*Additional Education Support includes:

- Transition Camps
- AVID
- Additional Nurses
- Tier III Materials
- Middle School Extended Day
- Campus Control Assistants



Planned One-Time Expenditures By Year

(in millions)



Given the significance of the one-time funding, districts will need to ensure an exit strategy as one-time funds cannot be used to fund ongoing programs and/or costs...

School Employer Pension Costs

- Governor's budget does not include any relief for school employers in 2023-24

CalSTRS

Fiscal Year	Contribution Rate**
2021-22	16.92%
2022-23	19.1%
2023-24	19.1%*

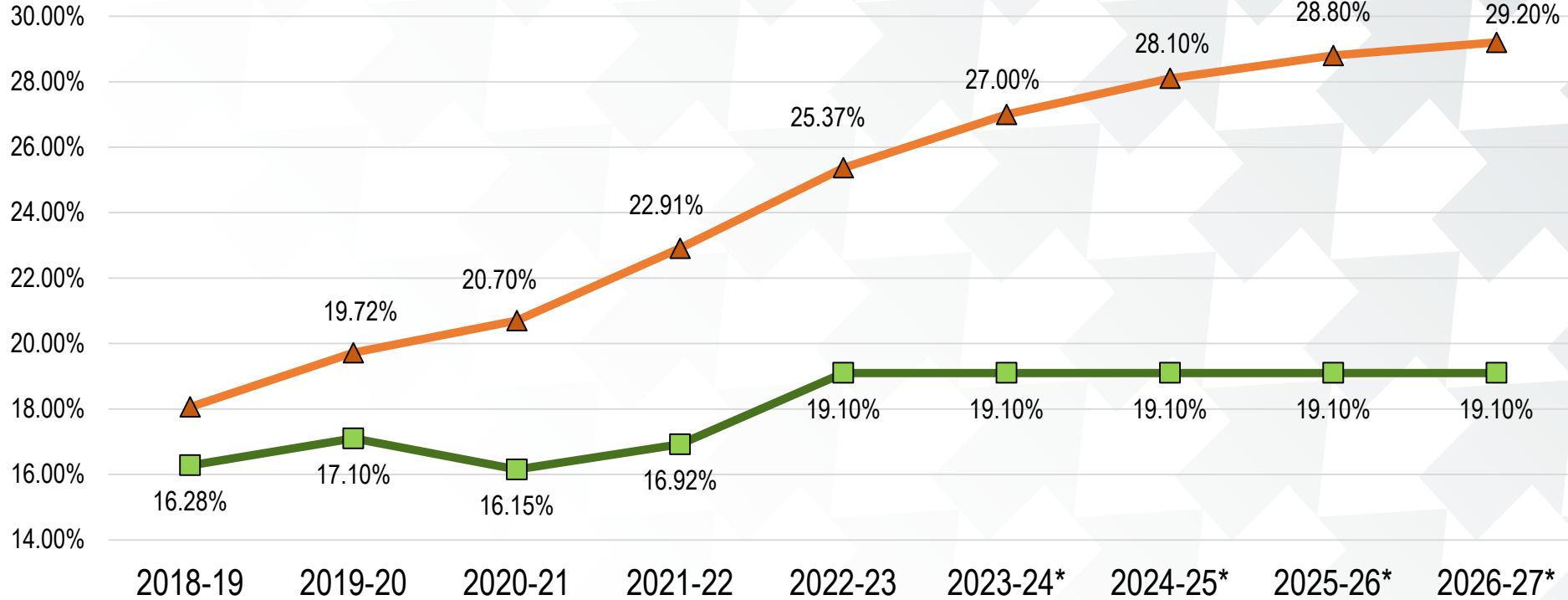
CalPERS

Fiscal Year	Contribution Rate
2021-22	22.91%
2022-23	25.37%
2023-24	27.0%*
2024-25	28.1%*

* Latest projected rates based on most recent projections

** CalSTRS Board now allowed to adjust employer contribution rate up or down by up to 1% each year, but no higher than 20.25% and no lower than 8.25%

STRS and PERS Rates



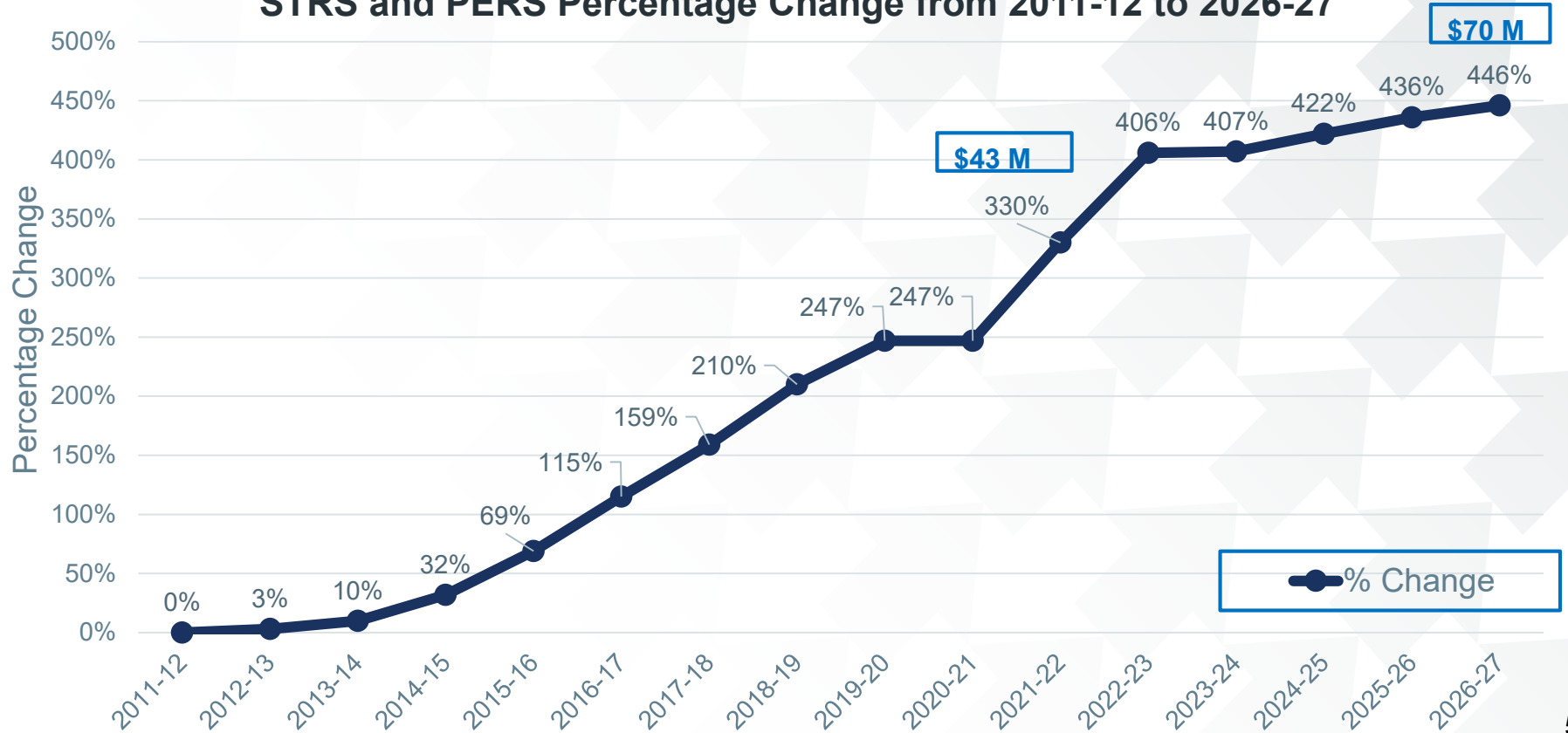
* STRS has the authority to increase the rate to 20.10% if necessary

■ STRS

▲ PERS

STRS & PERS Projected Increases

STRS and PERS Percentage Change from 2011-12 to 2026-27



Next Steps

- May 1, 2023
 - Share Plan with Stakeholder Groups
 - Continue to review and revise plan based on input
- June 13, 2023
 - 2023-24 LCAP Public Hearing
 - 2023-24 Budget Public Hearing
- June 27, 2023
 - 2023-24 LCAP Adoption
 - 2023-24 Budget Adoption

Questions

