

Irvine Unified School District

# LCAP/Budget Study Session

**April 21, 2021**

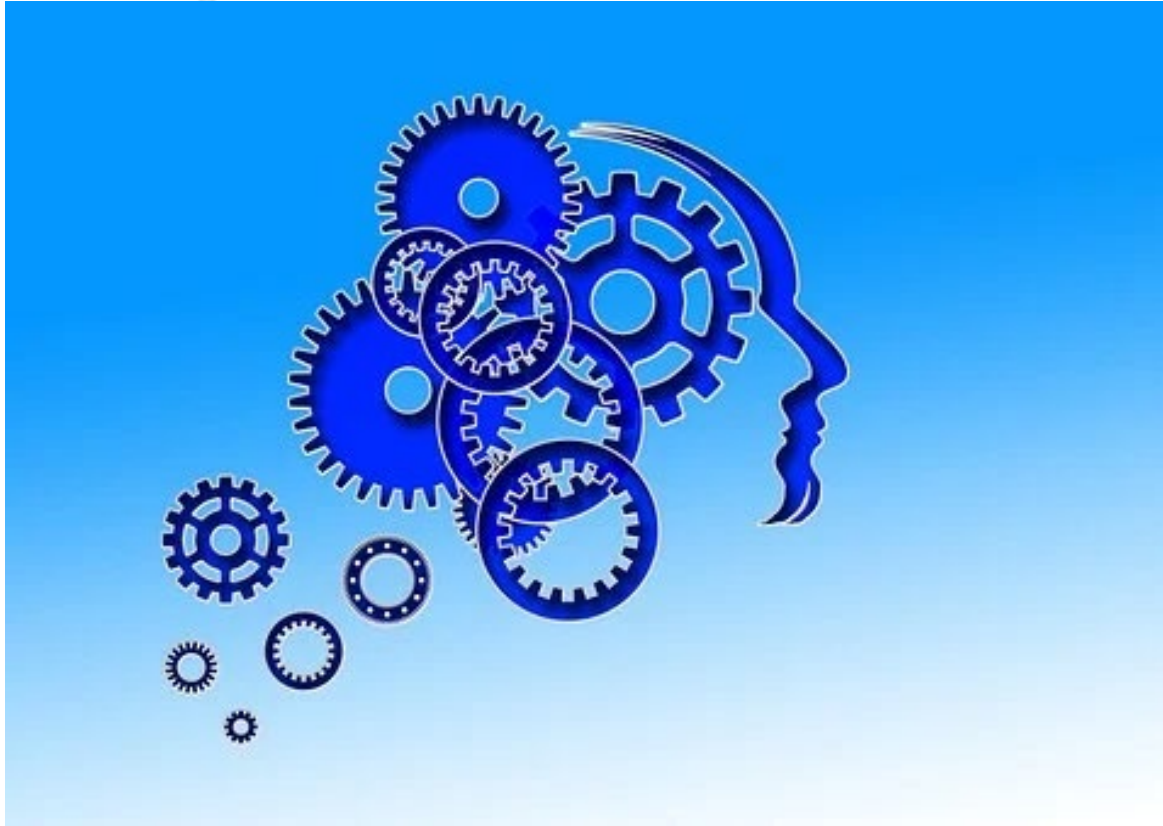


# Goals & Outcomes

- ◎ 2021-22 LCAP Development Process
  - Understanding the goals of the LCAP and the components of the LCAP document
  - Review stakeholder engagement and impact on the draft LCAP
- ◎ 2021-22 District Budget
  - Discussion and analysis of the Local Control Funding Formula (LCFF)
  - 2020-21 and 2021-22 “Initial” budget financial projections



# LCFF & LCAP



# LCAP Overview

- ◎ Aligns planning and budgeting
- ◎ Monitors implementation of actions
- ◎ Monitors student progress by sub-groups
- ◎ Engages stakeholders-students, parents, and staff
- ◎ Adopted by the Board of Education



# LCAP Document

The LCAP is organized into four sections:

1. Plan Summary
2. Stakeholder Engagement
3. Goals, Actions, Expenditures and Progress Indicators
4. Increased or Improved Services for Unduplicated Students



# Stakeholder Engagement

## Stakeholder Engagement Activity, Spring 2020

- ◎ Sites-Stakeholders
  - Reviewed Priority Action Items 19-20 and 20-21 and provided feedback on LCAP Actions
- ◎ District Stakeholder Groups:
  - Participated in a needs assessment activity

## Annual Survey January 2021

## LCAP Activity Spring 2021

## Outcome

- ◎ Continued focus on “High Priority” Actions



# High Priority Action Items

1. Elementary Resource Counselors
2. Technology Maintenance
3. Computer Match
4. Equal Opportunity Schools
5. Graduation Support



# Consultation with Associations as Stakeholders

- ◎ Our employees provide input about LCAP at their school and district sites and during the survey process for stakeholders
- ◎ There is a duty to “consult” with our employee associations like ITA and CSEA who represent our employees
- ◎ While the LCAP process is not subject to collective bargaining, the LCAP process is typically discussed as informational items in bargaining meeting





# Intersection of LCAP and Collective Bargaining

- ◎ There may be an intersection of LCAP and Collective Bargaining.
- ◎ As some of the goal areas in the LCAP process relate to curriculum content, selection of instructional materials, and the use of technology, there is a duty to “consult” with bargaining units separately from the LCAP process under Government Code Section 3543.2, if specifically requested by the bargaining units.
- ◎ In addition, decisions that are made as a result of the LCAP process might 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.



# Section 4: Goals, Actions, Expenditures and Progress Indicators



# Section 4: Goals, Actions, Expenditures and Progress Indicators

## ◎ 8 State Priorities

## ◎ 3 Districtwide 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



# Goals, Actions, Expenditures and Progress Indicators

- **8 State Priorities**
- **3 Districtwide Goals**
- **17 Progress Indicators**

## Goal 1

Attendance Rates  
Chronic Absenteeism  
MS Dropout Rate  
HS Dropout Rate  
Graduation Rates  
Suspension Rates  
Expulsion Rates

## Goal 2

Performance on local assessments  
(STAR Ren)  
A-G Requirements or  
CTE Pathways  
UC/CSU requirements  
EL Progress towards proficiency-ELPAC  
EL Reclassification Rate  
Preparation for College by the EAP in  
ELA & Math

## Goal 3

Teachers appropriately  
assigned/credentialed  
Access to standards aligned  
instructional materials  
School facilities maintained and  
in good repair

# 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 #	Action Item	Total	One-time	Ongoing	21-22 Other
1.2.C	Summer Schl-Athletic Augmentation	\$30,000	\$30,000		
1.4.A	Project Success/Guidance Assistant/Wellness Support	\$335,000	\$335,000		
1.4.D	ERC-Elem. Resource Counselors	\$1,551,000	\$485,000	\$816,000	\$250,000
1.5.I	Equal Opportunity Schools	\$125,000	\$125,000		
1.7.A	Optimistic Advantage	\$100,000	\$100,000		
	Summer School	\$400,000	\$400,000		
	Graduation Support	\$949,500	\$949,500		
Goal 1 Subtotal		\$3,490,500	\$2,424,500	\$816,000	\$250,000



## 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 #	Action Item	Total	One-time	Ongoing	21-22 Other
2.2.A	Professional Learning Communities	\$1,372,000	\$702,315	\$669,685	
2.3.A	Curriculum/Special Ed TOSAs	\$1,950,000	\$1,040,000	\$910,000	
2.3.B	Stipends-Mentors/Curriculum Development/Blended Learning	\$500,000	\$500,000		
2.3.C	Education Technology TOSAs	\$390,000	\$130,000	\$260,000	
2.3.D	HS Site Technology Mentors	\$50,000	\$50,000		
2.4.A	Computer Match	\$500,000	\$200,000	\$300,000	
2.4.B	Technology Maintenance Fund	\$600,000	\$200,000	\$400,000	
2.6.A	PE Paraprofessionals	\$800,000	\$205,000	\$295,000	\$300,000
New 2.6.B	PE Support	\$100,000	\$100,000		
<b>Goal 2 Subtotal</b>		<b>\$6,262,000</b>	<b>\$3,127,315</b>	<b>\$2,834,685</b>	<b>\$300,000</b>





# LCAP Goal 3

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

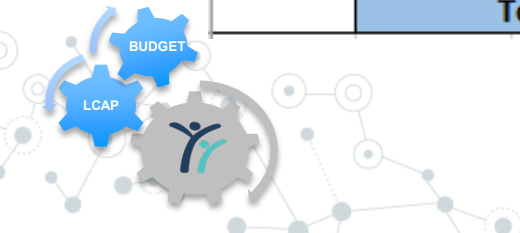
## **State Priorities Addressed:**

Priority 1: Basic Services: Credentials/Materials

Priority 2: Implementation of Academic Standards

# Budget Prioritization Focus Areas: Goal 3

Action #	Action Item	Total	One-time	Ongoing	21-22 Other
3.1.B	Impacted/Interventions Sections 7-12	\$1,176,000	\$1,176,000		
3.2.D	MS Stipends-Student Support/Safety	\$50,000	\$50,000		
3.2.E	HS Allocation for Student Support/Safety	\$285,000	\$285,000		
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	\$200,000	\$200,000		
New	Paper (Grade Slam)	\$220,000	\$220,000		
New	Learning Labs	\$100,000	\$100,000		
Goal 3 Subtotal		\$2,231,000	\$2,231,000		
	Subtotal of LCAP Action Items	\$11,983,500	\$7,782,815	\$3,650,685	\$550,000
	Total of LCAP Items	\$11,983,500	\$5,913,315		

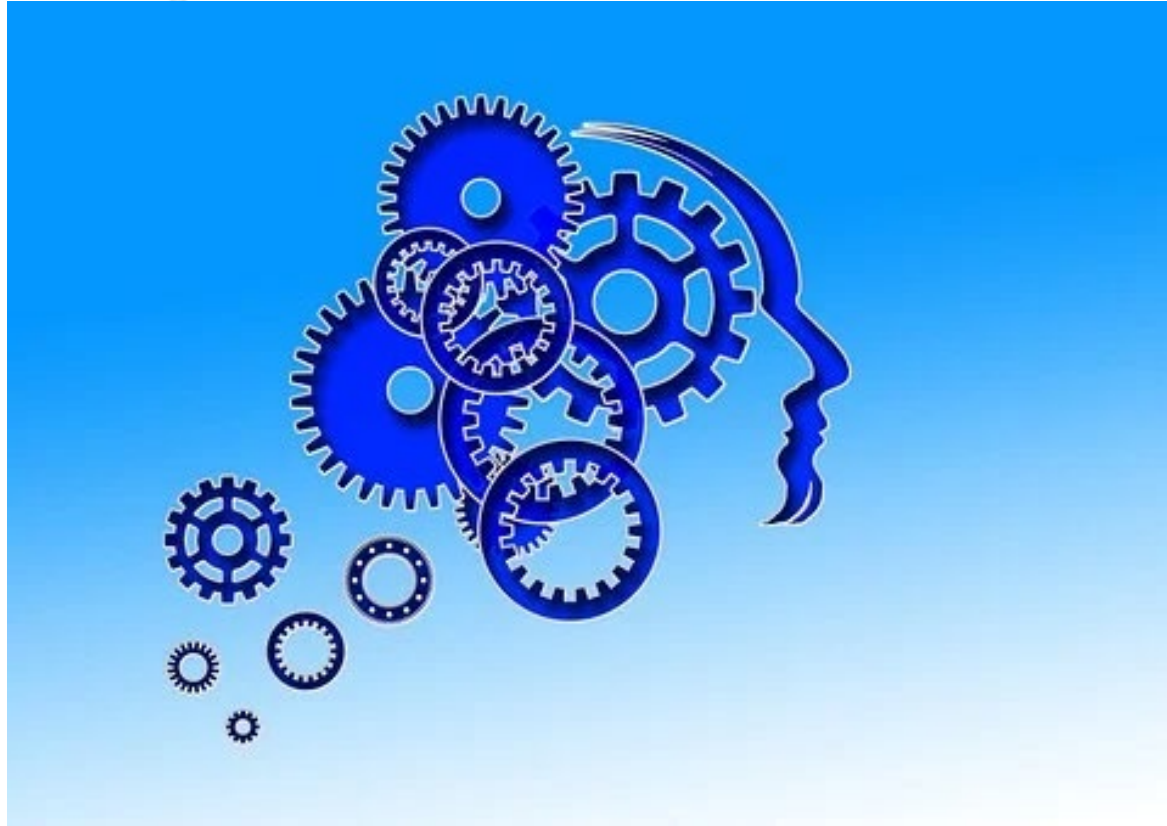


# LCAP Action Items moving to Stimulus Funding

Action #	Action Item	Total	One-time	Ongoing	21-22 Other
1.2.B	Summer School	\$400,000	\$400,000		
1.7.A	Graduation Support	\$949,500	\$949,500		
2.4.A	Computer Match	\$200,000	\$200,000	\$300,000	
New 3.3.D	Paper (Grade Slam)	\$220,000	\$220,000		
New 3.3.E	Learning Labs	\$100,000	\$100,000		
Highlighted Items		\$1,869,500	\$1,869,500	\$300,000	



# 2021-22 Budget/LCFF



# 2021-22 Budget/LCAP

- Provide overview of State's fiscal outlook and impact on Proposition 98 funding
- Discuss Governor's January 2021-22 Budget proposal
  - Ongoing funding through the Local Control Funding Formula
  - One-time Categorical funding
- Analyze District's projected 2021-22 LCFF Funding including shifts in district enrollment
- Provide illustration of Federal stimulus funding
- 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



# 2021-22 State Fiscal Outlook

- Over the past year the impacts of the COVID-19 pandemic have had a profound impact on the State's Economic forecast
- The 2020-21 State Budget assumed dramatic and sustained decreases in forecasted state revenues of approximately \$41.2 billion
- Coupled with forecasted increases in safety net services, the 2020-21 State Budget forecast a \$54 billion shortfall
- With the anticipated loss in statewide revenues, Proposition 98 was cut by approximately \$13.5 billion in the current year
  - No Cost-of-Living Adjustment (COLA)
  - Deferral of Apportionments of approximately \$12 billion

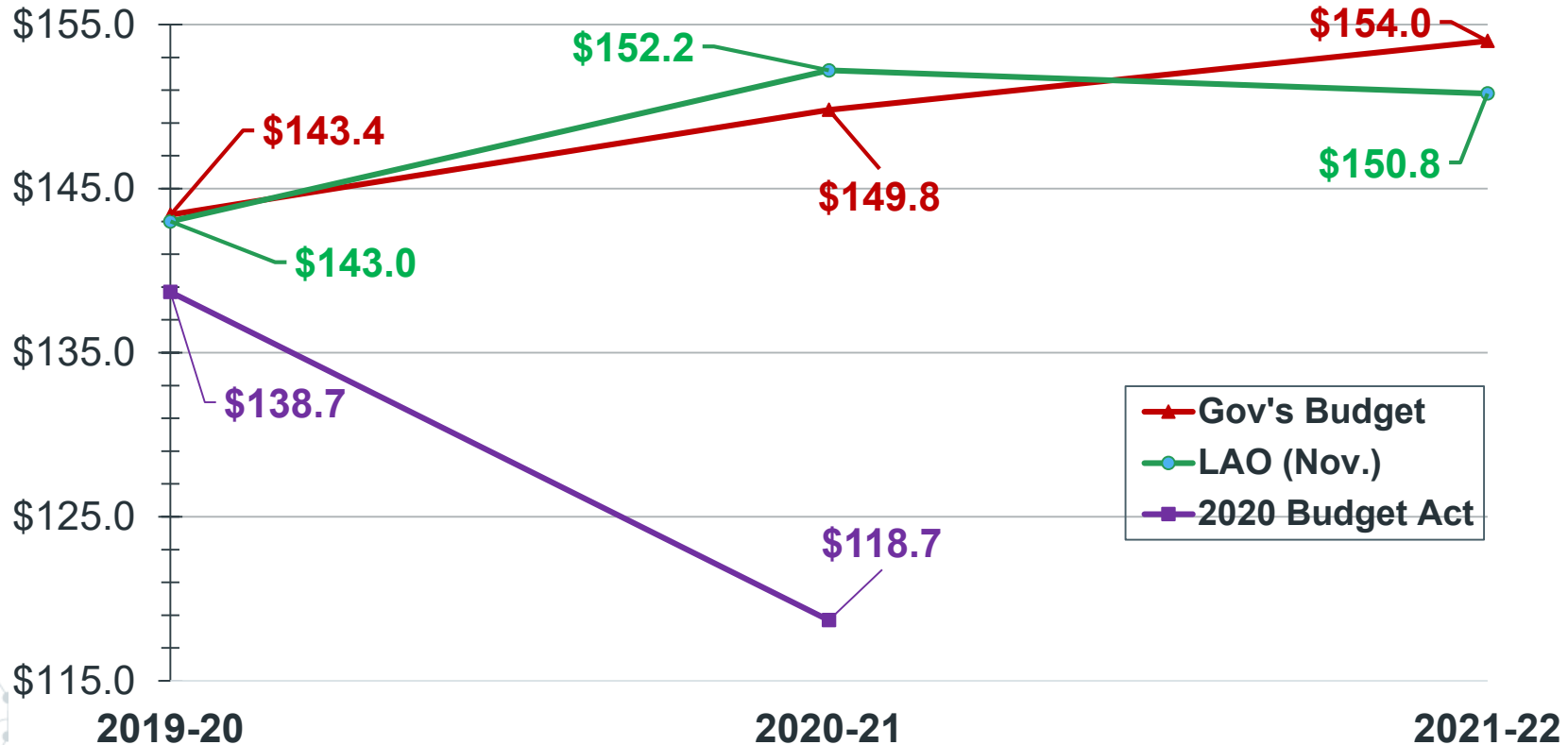


# 2021-22 State Fiscal Outlook

- In November 2020, Legislative Analysts Office (LAO) issued annual five year outlook and reported that State revenues were significantly outpacing budget forecast by approximately \$38 billion
- In addition, the anticipated increases to safety net services was not realized
- By January, all forecasted revenue loss had been restored and tax collections through February are exceeding budget projections by \$10 billion
- Very positive for Proposition 98



# State General Fund Revenues Excluding transfers and federal funds (Dollars in billions)





# 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 2021–22, and has been for the last three 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%

This test is usually operative in a weak economy

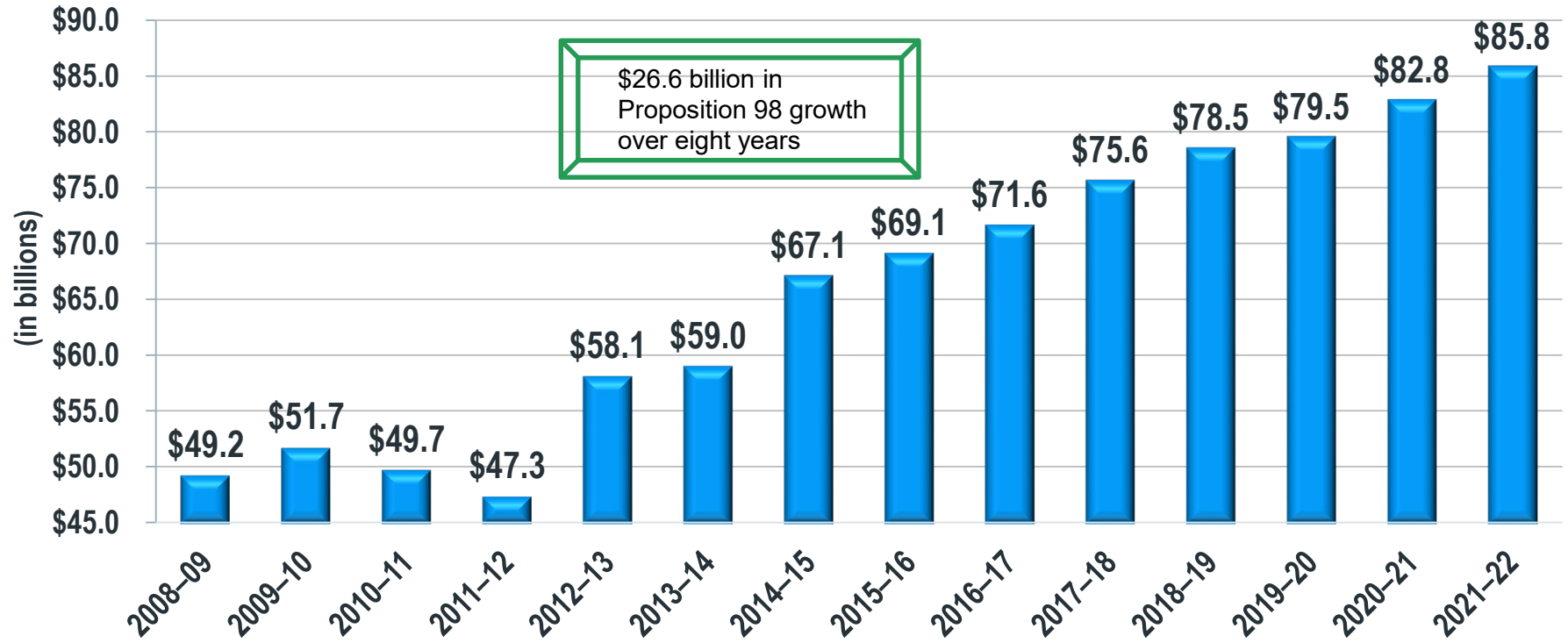
# Proposition 98 Growth is Slowing

- During the recovery years, Proposition 98 provided multi-billion dollar increases as the Maintenance Factor was paid off and strong General Fund revenue growth drove the guarantee higher
- The Governor's January Budget contains only a modest increase in Proposition 98 funding
  - Proposition 98 growth in 2021-22 is just 3% or \$3 billion – Test 1
- Slow revenue growth with increasing costs means more strain on LEA budgets



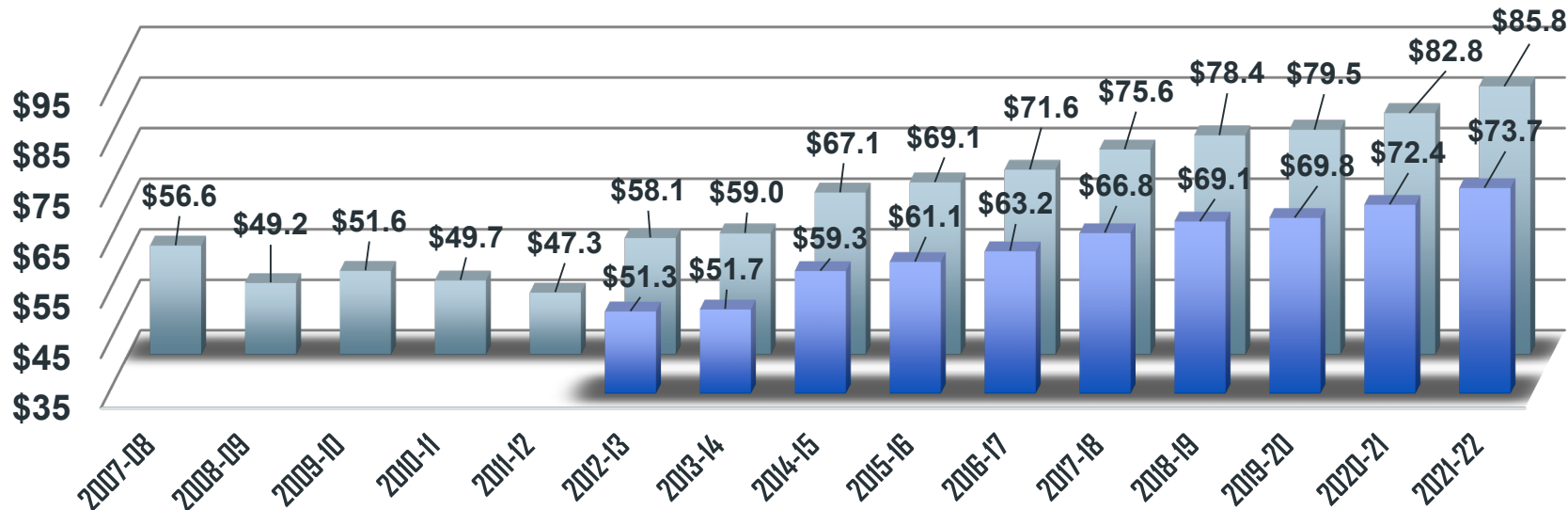
# Proposition 98

## Proposition 98 Funding Over Time 2008–09 to Governor's 2021–22 Estimate



# Proposition 98 Allocated to K-12

(Dollars in billions)



**On average K-12 receives  
Approximately 88% of Proposition 98**

■ K-12 Share of Prop 98  
■ Total Prop 98

# 2021–22 LCFF

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

Increase to the LCFF

\$2 billion to  
fund 3.84%  
compounded  
COLA

\$64.5 billion in  
2021–22

Total 2021–22 LCFF funding

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

\$372  
(or 3.52%\*)

IUSD increase in per-pupil  
funding.....\$353

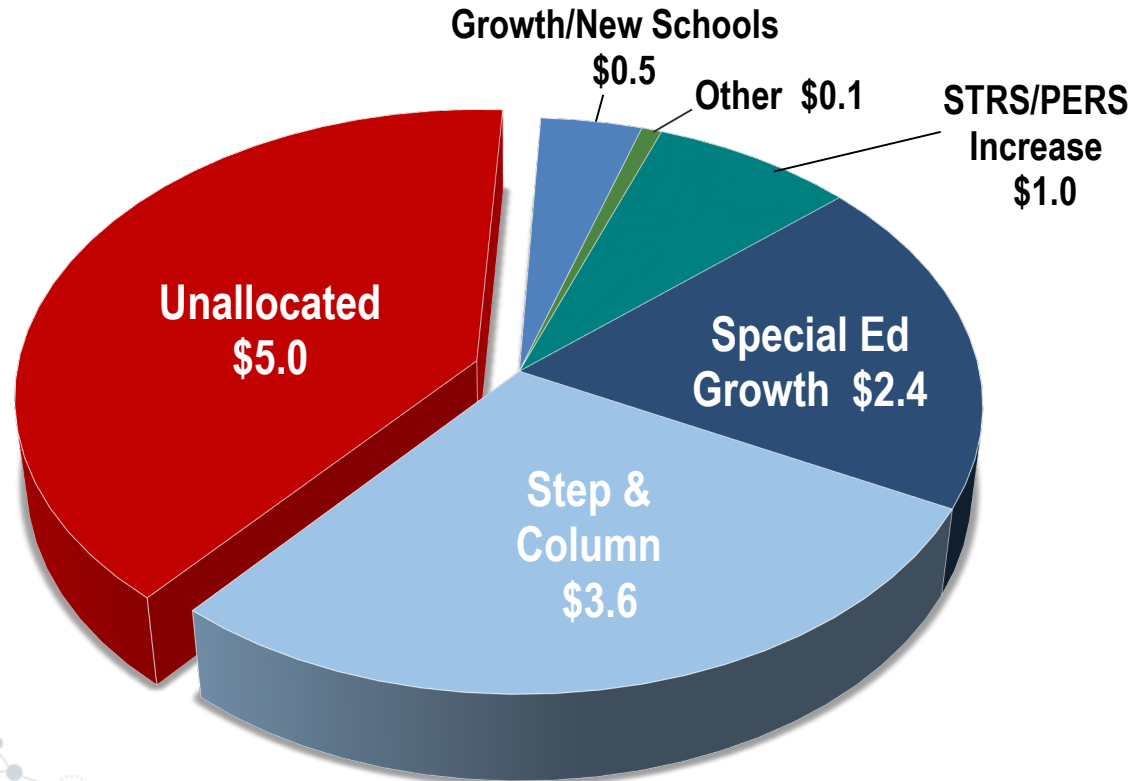
# 2021-22 Governor's January Proposal Highlights

- Due to the turnaround in State revenues, the Governor's proposal includes funding of 2020 Cost-of-Living Adjustment (COLA) of 2.31% along with the 2021 projected COLA of 1.5%...compounded at 3.84%
- Impact to IUSD - \$12.6 million
- After accounting for annual increases in expenditures of approximately \$7.6 million or approximately 2% of unrestricted General Fund annually, approximately \$5 million in ongoing funding available for allocation
- **Note: Special Education only allocated 2021-22 COLA of 1.5%**

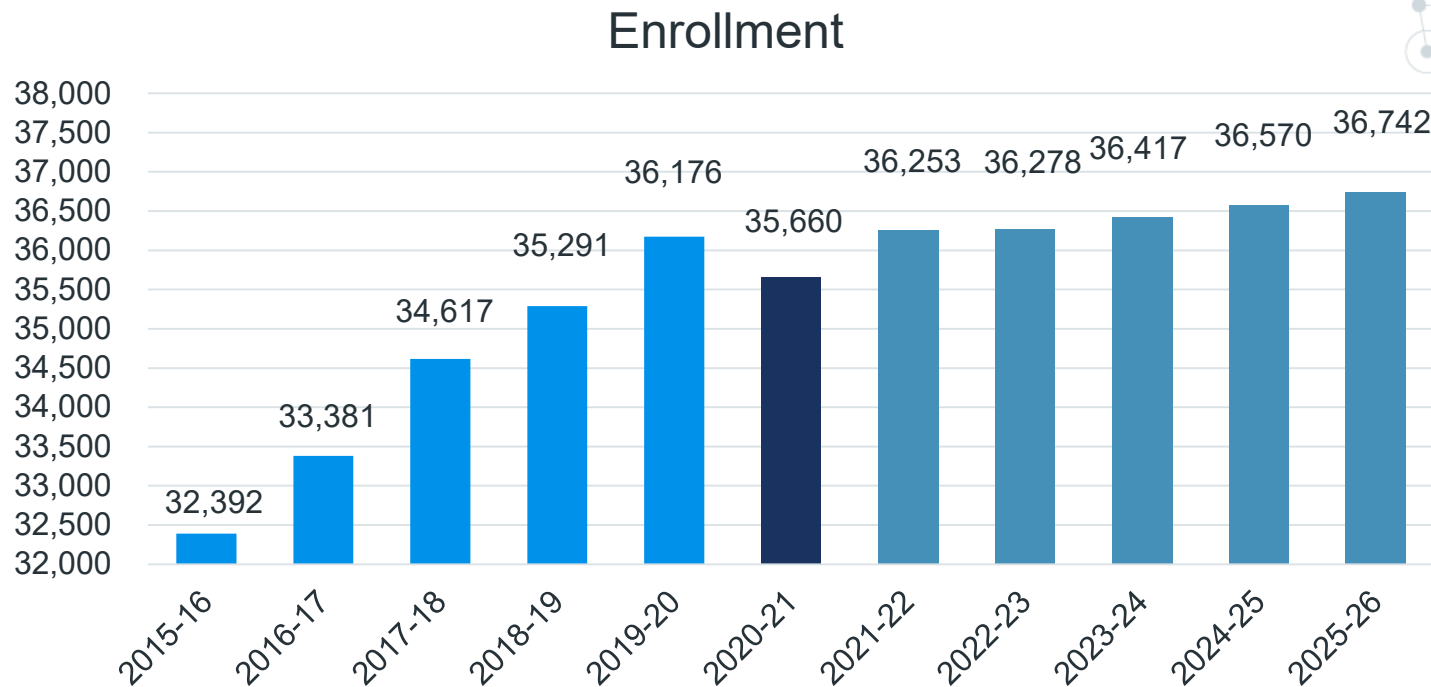


# Utilization of \$12.6 Million Ongoing Funding

(dollars in millions)



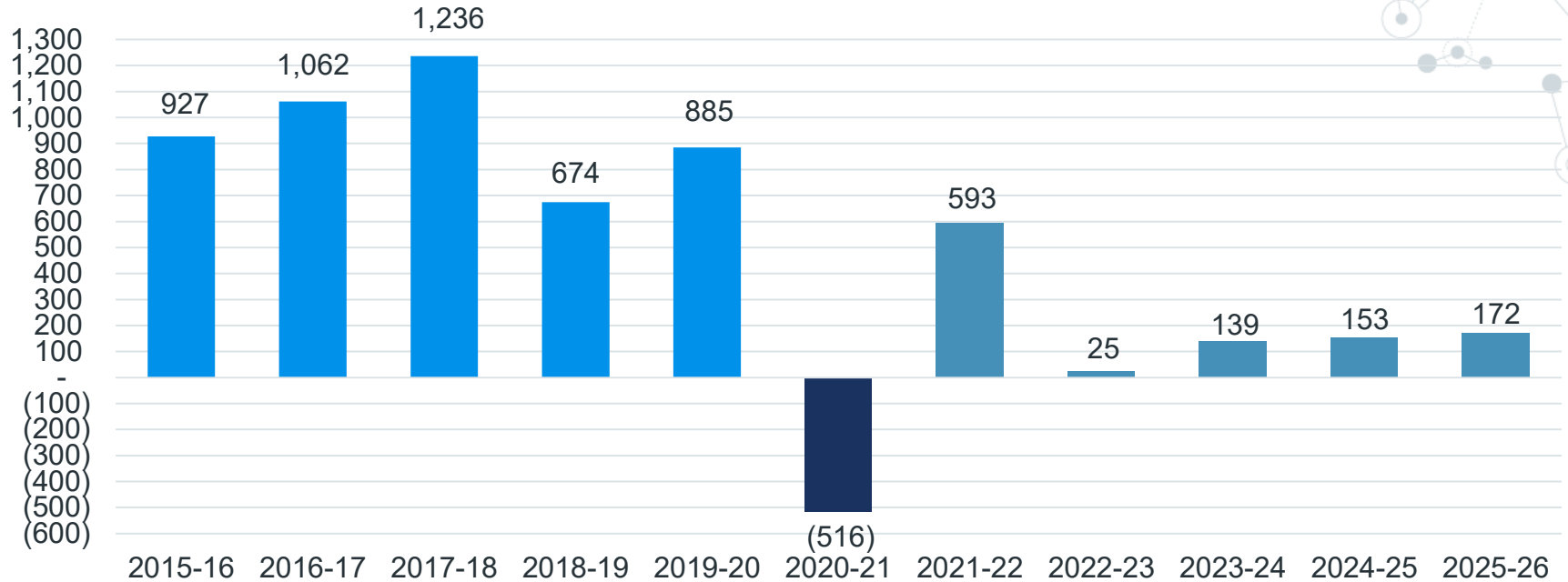
# Cumulative Enrollment Growth



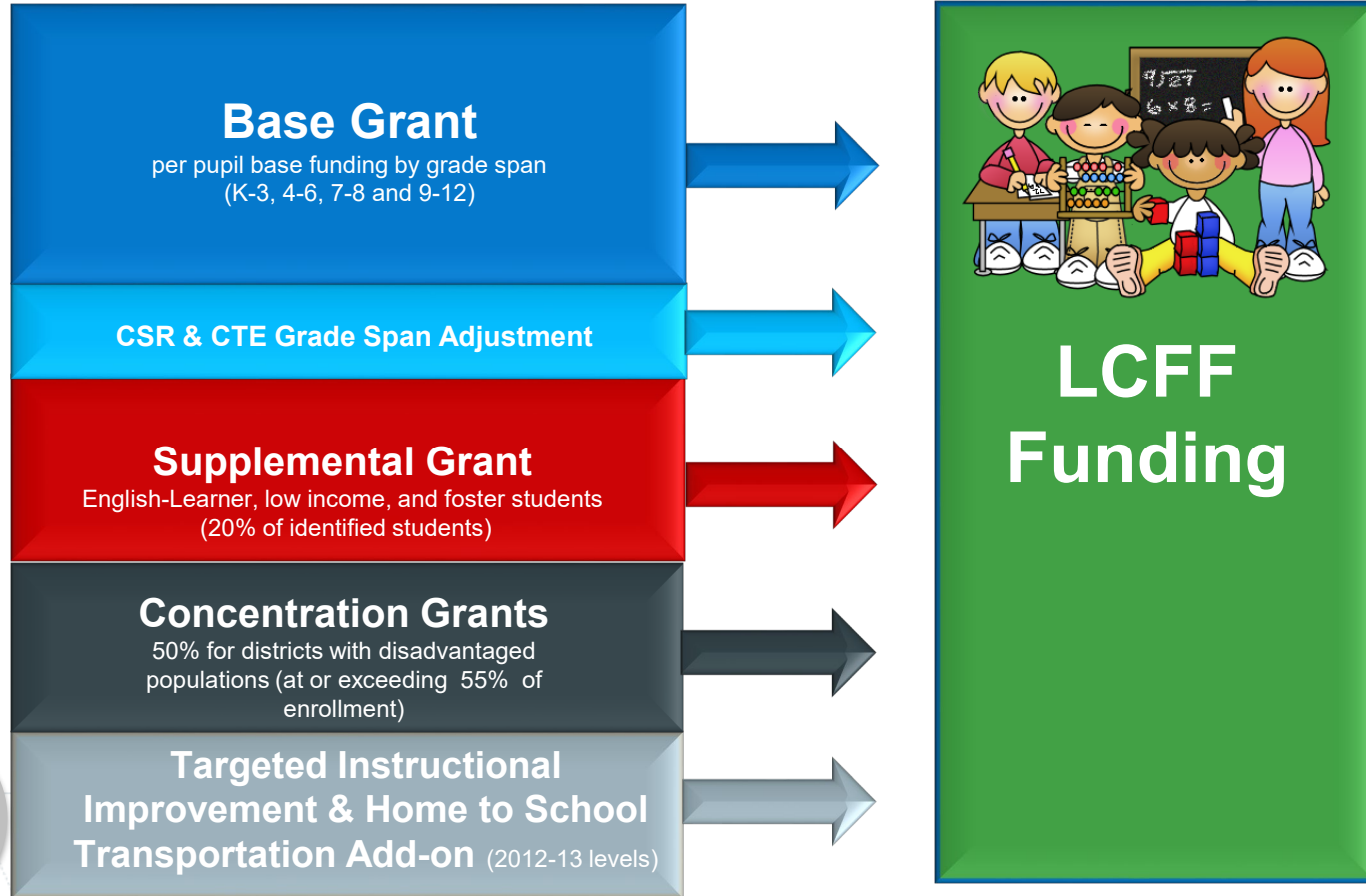


# Enrollment by Year

Enrollment



# Major Components of the LCFF



# IUSD LCFF Projected Funding 2021-22

Base Grant	TK-3	4-6	7-8	9-12	Totals
2021-22 Projected ADA	10,378	8,374	5,577	10,821	35,150
Base Grant Per ADA	\$7,998	\$8,118	\$8,359	\$9,687	
<b>Base Grant Funding</b>	<b>\$83,003,244</b>	<b>\$67,980,132</b>	<b>\$46,618,143</b>	<b>\$104,823,027</b>	<b>\$302,424,546</b>
<b>Adjustments (CSR/CTE)</b>	<b>\$832</b>			<b>\$252</b>	
<b>Base Grant Adjustments</b>	<b>\$8,634,496</b>			<b>\$2,726,892</b>	<b>\$11,361,388</b>
<b>Total Base Grant Funding</b>	<b>\$91,637,740</b>	<b>\$67,980,132</b>	<b>\$46,618,143</b>	<b>\$107,549,919</b>	<b>\$313,785,934</b>

# IUSD LCFF Projected Funding 2021-22

Supplemental Grant	K-3	4-6	7-8	9-12	Totals
20% of Base Grant and Unduplicated Disadvantage%	\$556	\$511	\$526	\$625	
Unduplicated Disadvantaged %	31.46%	31.46%	31.46%	31.46%	
Supplemental Grant Funding	\$5,770,168	\$4,279,114	\$2,933,502	\$6,763,125	\$19,745,909
HTS Transportation*					\$1,173,319
Targeted Instructional Improvement Block Grant*					\$1,448,459
Total LCFF Funding	\$97,407,908	\$72,259,246	\$49,551,645	\$114,313,044	\$336,153,621

\* HTS Transportation and Targeted Instructional Improvement Block Grant funded at 2012-13 levels.

# Basic Aid District Funding Model



- IUSD is currently a LCFF funded District
- Current Distribution
  - \$295M – Local Property Taxes – 87%
  - \$41M – State Aid – 13%
- Basic Aid 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 2024-25

# 2021-22 Governor's January Proposal Highlights

- The Governor's 2021-22 January Budget proposes two significant categorical programs.....
- AB 86 Signed by the Governor on March 5, 2021 contains two very large categorical programs focused on returning to in-person instruction and mitigating learning loss and provides approximately \$6.6 billion
- \$2 Billion (one-time) is allocated to In-Person Instruction Grants to assist and incentivize in-person instruction
- \$4.6 Billion (one-time) is allocated to Expanded Learning Grants
- Funding for both grants is allocated based on a District's statewide share of LCFF funding with funds anticipated to be received in May 2021 and August 2021



# Governor's Categorical Funding Proposals

## In-Person Instruction Grants

- IUSD to receive \$10.6 million
- Funds must be spent by August 2022
- Allowable uses include:
- Purchase Personal Protective Equipment (PPE)
- Improve ventilation of indoor learning spaces or create outdoor learning spaces
- Teacher or classified staff salaries for those providing and supporting in-person instruction
- Social and mental health support services provided in conjunction with in-person instruction
- More broad based uses than the Expanded Learning Grants


## Expanded Learning Grants

- IUSD to receive \$22.4 million
- Funds must be spent by August 2022
- Allowable uses include:
- Expanded summer school or intersessional instructional programs
- Extending school year; increasing instructional minutes/days
- Implementing/expanding learning supports
  - Tutoring, learning recovery programs and educator training in “accelerated learning strategies and effectively addressing learning gaps”
- Addressing other “barriers to learning” including health, counseling, mental health services, school meal programs, before and after school programs
- Community learning hubs that provide access to tech
- **LEAs must develop an expenditure plan by June 1**

# What is not in Governor's Proposal...



**Increased  
LCFF  
Targets  
above COLA**



**Additional  
Funding to  
Reduce  
CalSTRS and  
CalPERS  
Costs**



**More  
discretionary  
dollars and less  
tied to restrictive  
programs**





# School Employer Contribution Rates

- 2020 Budget Act redirected \$2.3 billion for employer long-term unfunded liability provided in 2019 Budget Act to further reduce CalPERS and CalSTRS contribution rates in 2020-21 and 2021-22
- In 2021-22, \$820 million will go towards lowering CalSTRS 2021-22 rate, \$330 million to reduce CalPERS 2021-22 rate

## CalSTRS

Fiscal Year	Before 2020 Budget Act	After 2020 Budget Act
2020-21	18.4	16.15
<b>2021-22**</b>	<b>18.1*</b>	<b>15.92* (-2.18)</b>
2022-23**	18.1*	18.1*

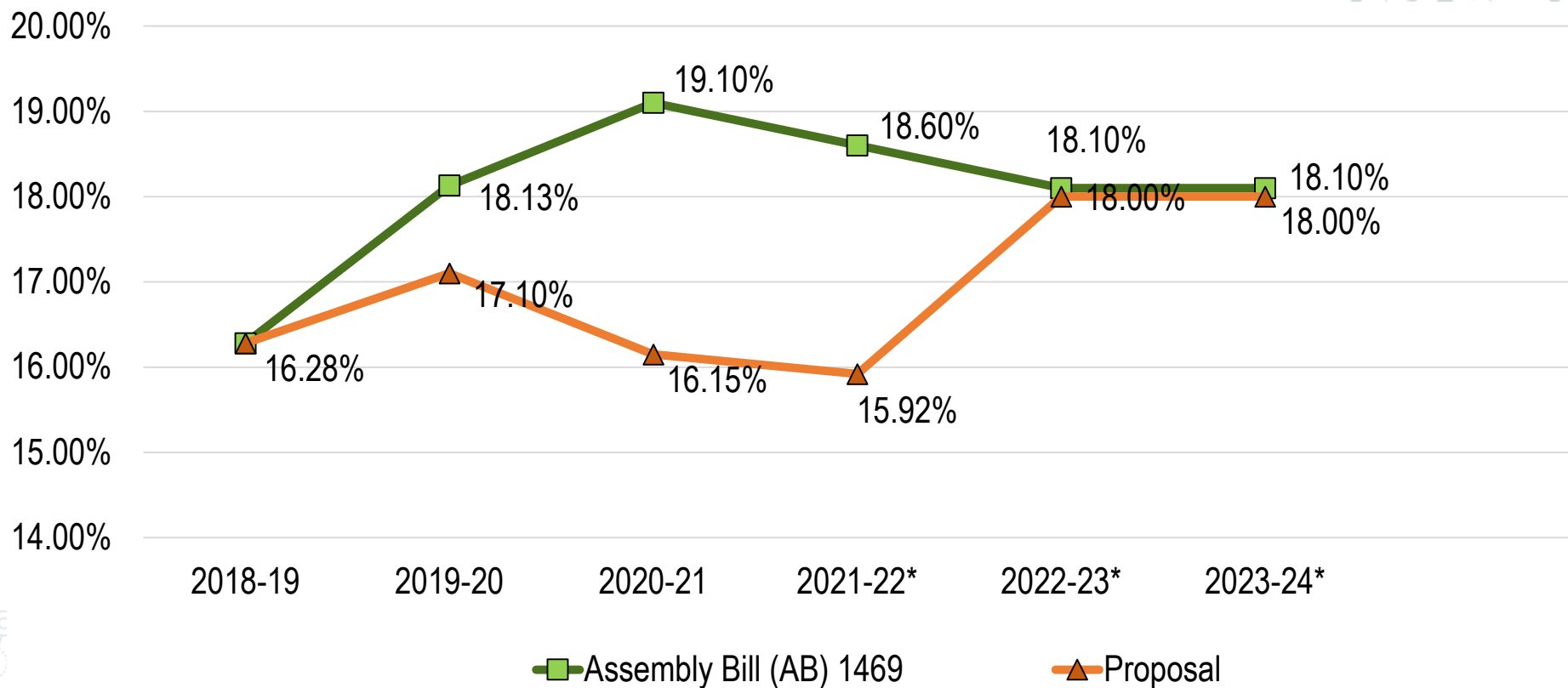
## CalPERS

Fiscal Year	Before 2020 Budget Act	After 2020 Budget Act
2020-21	22.68	20.7
<b>2021-22</b>	<b>25.2*</b>	<b>23.0* (-2.20)</b>
2022-23	26.3*	26.3*
2023-24	27.3*	27.3*
2024-25	27.8*	27.8*
2025-26	27.8*	27.8*
2026-27	27.6*	27.6*

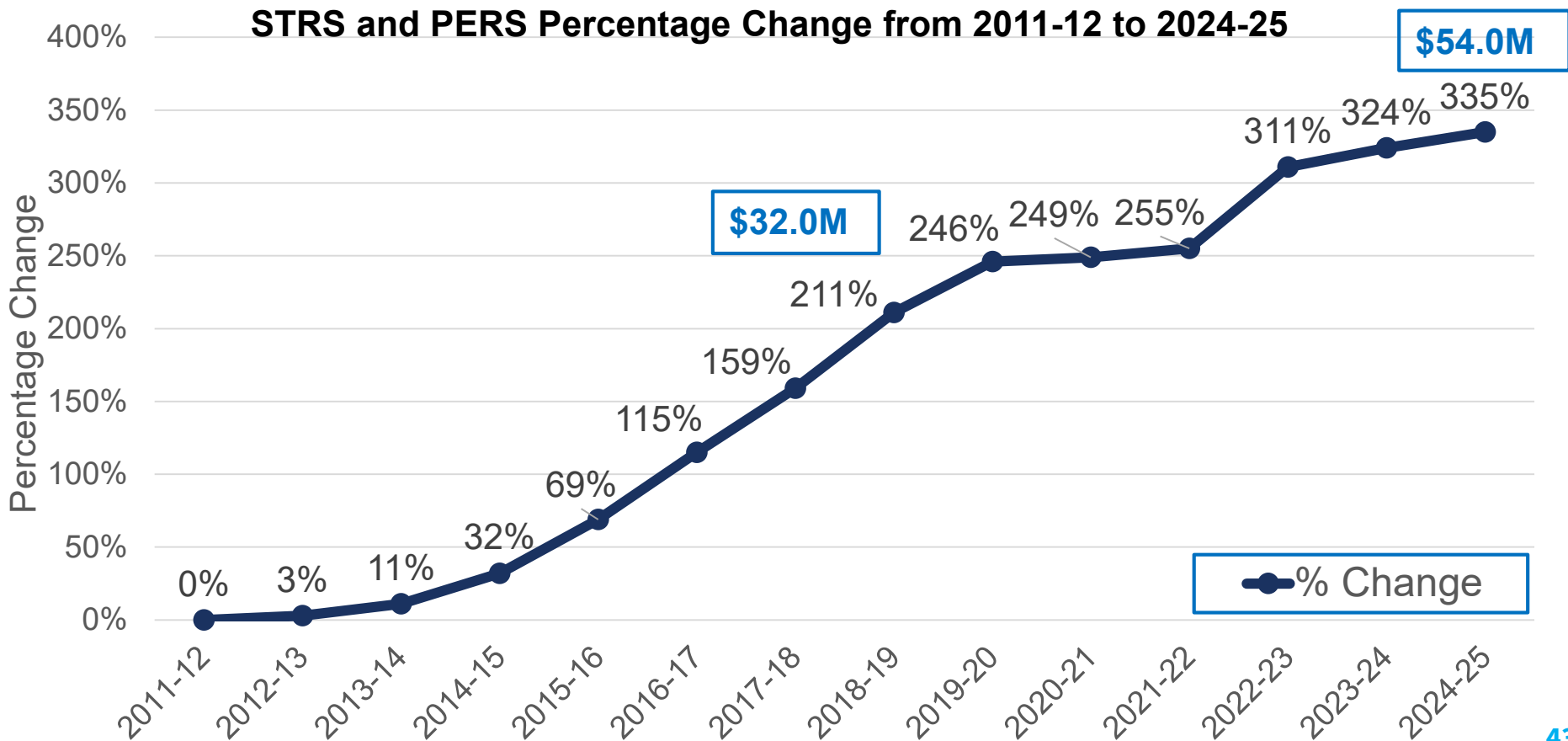
\* Latest projected rates and subject to change

\*\* Beginning 2021-22, rates will be set by the CalSTRS Board

# CalSTRS Employer Contribution Rates – Current Law Versus Governor's Proposal



# STRS & PERS Projected Increases



# Federal Stimulus Funding

## New Funding

### Coronavirus Aid, Relief, and Economic Security Act (CARES) \$2 Trillion – March 2020

- IUSD received \$19.5 million in total funds through State and Federal Resources
- Federal portion was approx. \$16.8 million
- Required a Learning Continuity Plan
- Adopted by the Board in September 2020
- Various funds need to be spent by May 2021, June 2021 and September 2022
- Allowable uses of funds (broad):
- Support to reduce student/teacher ratios and students present in classrooms
- Personal Protective Equipment (PPE)
- Air Purifiers/AC filters
- Technology/software/ online learning tools

### Coronavirus Response and Relief Supplemental Appropriations Act \$900 billion – December 2020

- IUSD to receive \$8.2 million
- Funds must be spent by September 2023
- Allowable uses of funds (broad):
- Personal Protective Equipment (PPE)
- Education technology – hardware, software, connectivity
- Mental health services and supports
- Summer learning, after school programs
- Nutrition Services

### Families First Coronavirus Response Act – American Rescue Plan \$1.9 Trillion - March 2021

- IUSD to receive \$18.2 million
- Funds must be spent by September 2023
- Allowable uses of funds (broad):
- Address learning loss
- Summer School; Extended instructional time; afterschool programs
- Programs need to recognize disproportionate impact on:
  - Each major racial and ethnic group
  - Children with disabilities; English language learners; foster youths; Free and Reduced Meals

*Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency*

# Building 2021-22 LCAP/Budget

- Utilizing input from numerous stakeholders through the LCAP process, IUSD has leveraged use of one-time resources over multiple fiscal years
- Approximately \$9.3 million in “one-time” investments were targeted to drop off at end of 2021
- In recognition, current year one-time resources set aside
- Unallocated from 2019-20 Closing - \$8.8 million
- Utilization of Federal Stimulus Funds where appropriate



# Budget Prioritization Focus Areas

Description	LCAP 2021-22 One-Time
<b><u>Summary by Major Category:</u></b>	
Goal 1	\$2,424,500
Goal 2	\$3,127,315
Goal 3	\$2,231,000
Total LCAP	\$7,782,815
<b>Less: Funded with State/Federal resources</b>	<b>(\$1,869,500)</b>
Total Allocated	\$5,913,315
Total Available	\$8,858,984
<b>Remainder for future LCAPS:</b>	<b>\$2,945,669</b>



# 2020-21 to 2022-23 Budget Projections (illustration)

## Unrestricted General Fund

### Assuming Workload Budget

Description	2020-21 Projected	2021-22 Projected	2022-23 Projected
Total Revenues	\$340,728,237	\$354,451,936	\$359,083,276
Total Expenditures	(\$283,755,411)	(\$276,020,211)	(\$285,372,934)
Utilization of One-Time Resources (LCAP)		<b>\$5,913,315</b>	
Utilization of ongoing resources		<b>\$5,000,000</b>	<b>\$5,000,000</b>
Revised Total Expenditures	(\$283,755,411)	(\$286,933,526)	(\$290,372,934)
EXCESS (DEFICIENCY)	\$56,972,826	\$67,518,410	\$68,710,342
Other Sources/Uses	(\$82,600,121)	(\$67,115,350)	(\$70,403,782)
Net Increase/(Decrease)	(\$25,627,295)	\$403,060	(\$1,693,440)

Projections based on 2020-21 Second Interim (including all salary increases) and Governor's 2021-22 January Budget Proposal.

# 2020-21 to 2022-23 Budget Projections (illustration)

## Unrestricted General Fund

### Assuming Workload Budget

Description	2020-21 Projected	2021-22 Projected	2022-23 Projected
Beginning Fund Balance	\$53,455,196	\$27,827,901	\$28,230,961
<b>Estimated Ending Fund Balance</b>	<b>\$27,827,901</b>	<b>\$28,230,961</b>	<b>\$26,537,521</b>
<b><u>Components of Ending Fund Balance:</u></b>			
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000
State Recommended Minimum Reserve - DEU	\$9,346,000	\$8,761,774	\$8,758,064
Contingency Reserve	\$5,000,000	\$5,000,000	\$5,000,000
Reserved for 2021-22 LCAP	\$8,858,984		
Reserved for future LCAPs		\$2,945,669	\$2,945,669
<b>Reserve for Loss in IIA ADA</b>		<b>\$2,350,000</b>	<b>\$2,350,000</b>
Remainder	\$4,272,917	\$8,823,518	\$7,133,788



# Uncertainty Ahead...

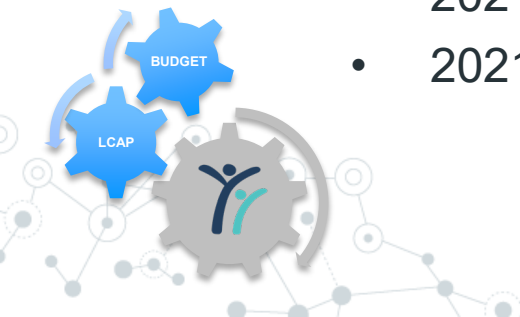


# Budget Proposals on the Horizon

- Governor set to release the May Revision the week of May 10, 2021 and early indications are additional revenues will be targeted:
  - Buy down remaining deferrals
  - One-time investments to offset future pension costs
  - Increased allocations for Special Education
  - Expand allocations for mental health, learning loss
- Due to the pandemic, the CA Employment Development Department announced an employer increase to 1.23% in Unemployment Insurance employer contributions
  - This represents a 2500% annual increase
  - Seen this before during Great Recession
  - LEAs will be looking for some one-time relief
  - Impact to IUSD approximately \$2 million
- Federal Budget Proposal – President Biden has proposed
  - Significant increases in Special Education funding of \$2.6 billion towards meeting 40% commitment
  - Significant increases in Title I of approximately \$20 billion

# Next Steps

- May 2021
  - Share Plan with Stakeholder Groups
  - Continue to review and revise plan based on input
- June 08, 2021
  - 2021-22 LCAP Public Hearing
  - 2021-22 Budget Public Hearing
- June 22, 2021
  - 2021-22 LCAP Adoption
  - 2021-22 Budget Adoption



# Questions/Discussion

