



IRVINE UNIFIED SCHOOL DISTRICT

**IUSD 2020-21
State Budget Update**

August 18, 2020



Key Changes from May Revise

- On June 29th the Governor signed the 2020-21 Budget Act which contained significant changes from the May Revise
- District's 2020-21 Budget prepared based on Governor's May Revise
- Significant changes include the following:
 - ✓ Final State Budget maintains Local Control Funding Formula (LCFF) funding at the 2019-20 levels
 - ✓ This means no LCFF funding cuts, and no funding for statutory Cost-of-Living Adjustment (COLA) of 2.31% or growth
 - ✓ Funding deferrals increase from \$5.3 billion to \$11 billion and replace LCFF cut and are a one-time solution
 - ✓ In lieu of a full Local Control and Accountability Plan (LCAP), Local Education Agencies (LEAs) must adopt a Learning Continuity and Attendance Plan by September 30th
 - ✓ Eliminates proposed cuts to categorical programs



Key Changes from May Revise

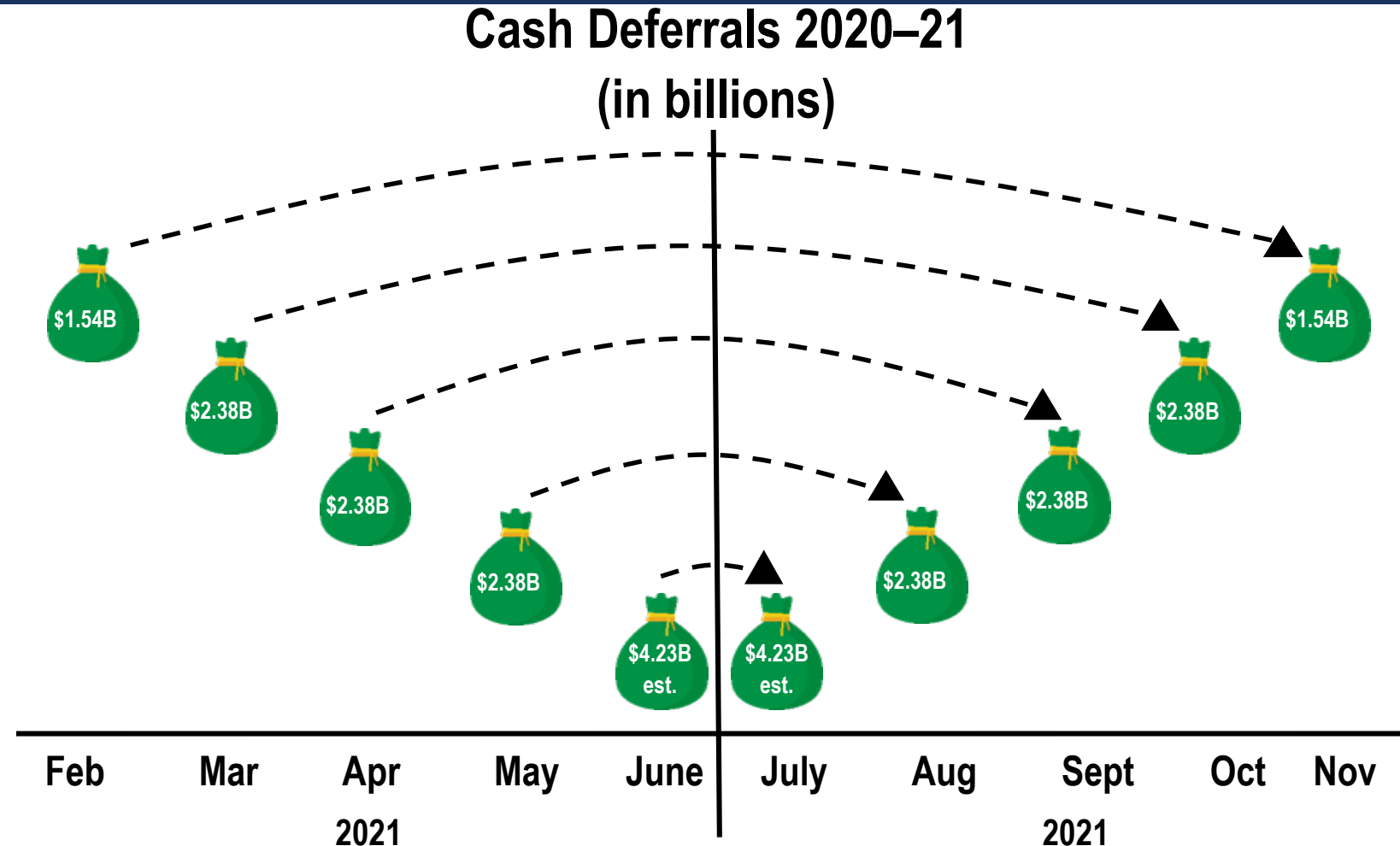
Item	January Budget	May Revision	Enacted Budget
2020–21 LCFF* Funding Change	+\$1.2 billion	-\$6.5 billion	\$0
Proposition 98 Minimum Guarantee			
2018–19	\$78.4 billion	\$78.7 billion	\$78.5 billion
2019–20	\$81.6 billion	\$77.4 billion	\$77.7 billion
2020–21	\$84.0 billion	\$70.5 billion	\$70.9 billion
2020–21 Statutory COLA	2.29%	2.31% (Not funded, additional cuts)	2.31% (Not funded)
One-Time Discretionary Funds	\$0	\$0	\$0

- Includes Average Daily Attendance (ADA) Hold Harmless Provision based on 2019-20 ADA – no funding for growth
- **Overall Impact to IUSD – loss of \$10.4 million**



Key Changes from May Revise

- In lieu of the ongoing cuts to the LCFF, funding deferrals increased from \$5.3 billion to \$12 billion
- Budget deferrals allow the State to record a budget cut in one year and move the expense to the next year - one-time solution





Coronavirus Aid Relief, and Economic Security (CARES) Act Funds

- Final State Budget provided \$5.3 billion to LEAs in one-time federal funding to address learning loss and needs due to COVID-19:
 - ✓ \$980 million allocated based on total LCFF Funding – **Impact to IUSD: \$5.0 million**
 - ✓ \$2.9 billion allocated based on LCFF Supplemental and Concentration Grant Funding – **Impact to IUSD: \$5.8 million**
 - ✓ \$1.5 billion allocated based on the fall census enrollment for students with disabilities – **Impact to IUSD: \$6.7 million**
- Use of funds
 - ✓ Limited to Learning Loss and expenses related to COVID-19
 - ✓ Cannot replace budgeted items or backfill revenue losses
 - ✓ Majority of funds, approximately \$16 million, must be spent by December 30, 2020



2020-21 Budget Solutions

	2020-21	Ongoing Solutions	One-Time Solutions
Projected 2020-21 10% LCFF Cut	(\$33,400,000)		
<u>Governor's proposal/flexibility</u>			
Special Education Funding	\$2,700,000	\$2,700,000	
Pension Contribution Relief	\$5,000,000	\$5,000,000*	
Routine Restricted Maintenance	\$500,000	\$500,000	
Stub total	\$8,200,000	\$8,200,000	
Revised Shortfall	(\$25,200,000)		

* Pension relief proposed for 2020-21 and 2021-22 only.



2020-21 Budget Solutions

	2020-21	Ongoing Solutions	One-Time Solutions
Revised Shortfall	(\$25,200,000)		
<u>District 2020-21 identified budget solutions</u>			
Estimated fall out of 2019-20	\$5,373,219		\$5,373,219
Utilization of Contingency Reserve	\$5,000,000		\$5,000,000
Utilization of Instructional Materials Reserve	\$5,900,000		\$5,900,000
Utilization of Unallocated 2020-21 LCAP	\$3,760,061		\$3,760,061
Suspend partial allocation of ongoing Instructional Materials	\$2,000,000	\$2,000,000	
Suspend annual contribution to Workers Compensation Fund	\$5,000,000	\$5,000,000	
Sub total	\$27,033,280	\$15,200,000	\$20,033,280*
Shortfall	\$1,833,280		

* \$20 million of the \$35 million cut includes one-time solutions in 2020-21.



2019-20 thru 2022-23 Budget Forecast

Unrestricted General Fund

Description	2020-21 Adopted Budget	2020-21 Revised Budget	2021-22 Projected	2022-23 Projected
Total Revenues	\$318,302,957	\$341,233,992	\$349,124,113	\$353,218,126
Total Expenditures	(\$276,418,403)	(\$276,418,403)	(\$282,013,351)	(\$293,284,155)
EXCESS (DEFICIENCY)	\$41,884,554	\$64,815,589	\$67,110,762	\$59,933,971
Other Sources/Uses	(\$67,601,385)	(\$67,601,385)	(\$65,241,711)	(\$70,022,006)
Net Increase/(Decrease)	(\$25,716,831)	(\$2,785,796)	\$1,869,051	(\$10,088,035)
Potential Budget Reductions				
Beginning Balance	\$48,461,675	\$48,461,675	\$45,675,879	\$47,544,930
Projected Ending Balance	\$22,744,844	\$45,675,879	\$47,544,930	\$37,456,895



2019-20 thru 2022-23 Budget Forecast

Unrestricted General Fund

Description	2020-21 Adopted Budget	2020-21 Revised Budget	2021-22 Projected	2022-23 Projected
Estimated Ending Fund Balance	\$22,744,844	\$45,675,879	\$47,544,930	\$37,456,895
<u>Components of Fund Balance:</u>				
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000	\$350,000
State Recommended DEU	\$8,544,000	\$8,544,000	\$8,318,346	\$8,659,367
Reserved for 2020-21 LCAP				
Site/Department Carryover	\$7,464,000	\$7,464,000	\$7,464,000	\$7,464,000
Reserved from 2019-20 LCAP				
Federal ESSER Funding	\$2,053,296	\$2,053,296	\$2,053,296	\$2,053,296
Contingency Reserve				
Textbook Reserve				
Unallocated 2020-21 LCAP				
Other/Unassigned	\$4,333,548	\$27,264,583	\$29,359,288	\$18,930,232



Future Potential Implications to the Budget

- Future relief from the Federal Government?
- Given one-time solutions in the Final State Budget, absent Federal relief, deficit looms in 2021-22
- Enrollment Growth/Average Daily Attendance
- Increase costs associated with alternative education models and COVID-19 in general
- Economic Recovery at National and State Level
- Length of pandemic





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Questions?