



Irvine Unified School District

# **LCAP/Budget Study Session**

**May 5, 2022**

# Goals & Outcomes

- ◎ 2022-23 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
- ◎ 2022-23 District Budget
  - Discussion and analysis of the Local Control Funding Formula (LCFF)
  - “Initial” budget financial projections





# LCFF & LCAP

# LCAP Overview

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



# 2022-23 LCAP Document

The LCAP is organized into nine sections:

1. Budget Overview For Parents
2. 2021-22 Supplement (Mid-Year Update)
3. Plan Summary
4. Educational Partner Engagement
5. Goals, Actions, Expenditures and Progress Indicators
6. Increased or Improved Services for Unduplicated Students
7. Actions Tables
8. Federal Addendum
9. Attachments





# Educational Partner Engagement

## Annual Survey, January 2022

- January-February
  - 27,912 Respondents
  - 19,172 Students
  - 7,087 Parents
  - 1,653 Staff

## LCAP ThoughtExchange Activity, Spring 2022

- February-March
  - 1,927 Participants
    - 1,101 Staff, 741 Parents, 106 Students
  - 8 languages
  - 1,445 Individual Comments
  - 38,011 Star Rankings



# High Priority Action Items

1. Elementary Resource Counselors
2. Class Size
3. Mental Health/SEL
4. Computer Match
5. PE Paraprofessionals



# Consultation with Employee Associations as Stakeholders

- ◎ Our employees provide input regarding the 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 meetings



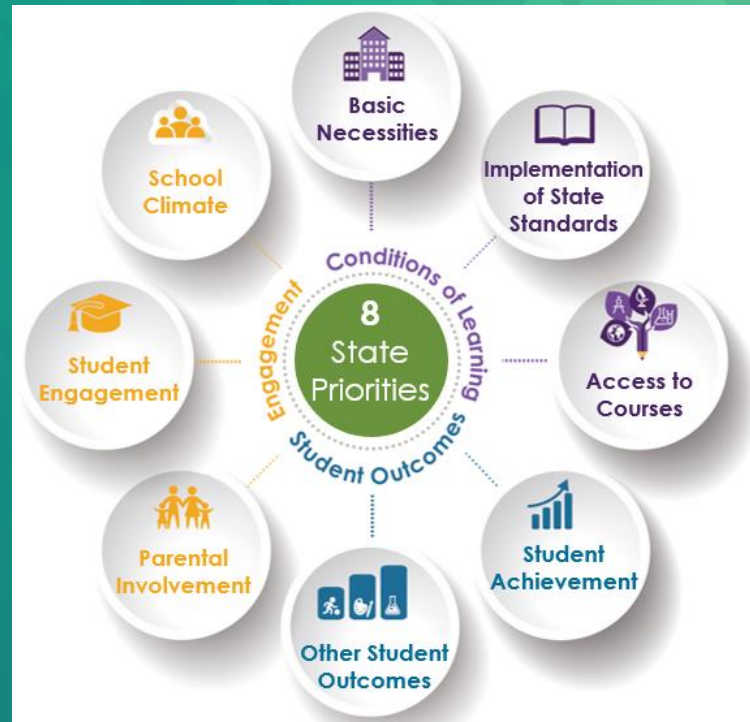


# Intersection of LCAP and Collective Bargaining

- ◎ 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.



# Goals, Actions, Expenditures and Progress Indicators



# 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 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-ELPI  
EL Reclassification Rate  
PSAT NMSQT ELA/Math

## Goal 3

Teachers appropriately  
assigned/credentialed  
Access to standards aligned  
instructional materials  
School facilities maintained  
and in good repair  
Students with 3 or more on  
AP Assessments  
Students taking 2 or more  
college prep courses



# 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	22-23 Other Funding
1.2.A	Summer School	\$600,000	\$400,000	\$ 200,000	
1.2.B	Summer School-Athletic Augmentation	\$30,000	\$30,000		
1.4.A	Project Success/Guidance Assistants/Wellness Support	\$335,000	\$335,000		
1.4.D	Elementary Resource Counselors (ERC)	\$1,725,000	\$485,000	\$990,000	\$250,000
1.7.A	Optimistic Advantage	\$100,000	\$100,000		
1.8.A	Graduation Support	\$593,818	\$593,818		
1.8.A	Graduation Support	\$355,682	\$355,682		
Goal 1 Subtotal		\$3,739,500	\$2,299,500	\$1,190,000	\$250,000

	Previous LCAP Item Returning to LCAP
	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	22-23 Other Funding
2.2.A	Professional Learning Communities	\$1,206,000	\$536,000	\$670,000	
2.3.A	Curriculum/Special Ed TOSAs	\$1,300,000	\$520,000	\$780,000	
2.3.A	Curriculum/Special Ed TOSAs	\$520,000	\$520,000		
2.3.B	Stipends-Mentors/Curriculum Development	\$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	\$867,000	\$205,000	\$362,000	\$300,000
2.6.B	PE Support	\$65,000	\$65,000		
<b>Goal 2 Subtotal</b>		<b>\$5,998,000</b>	<b>\$2,926,000</b>	<b>\$2,772,000</b>	<b>\$300,000</b>

	Previous LCAP Item Returning to LCAP
	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	22-23 Other Funding
3.1.B	Impacted/Intervention Sections grades 7-12	\$1,230,000	\$1,230,000		
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	\$125,000	\$125,000		
3.3.D	Paper (Grade Slam)	\$435,000	\$435,000		
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	\$217,000	\$217,000		
Goal 3 Subtotal		\$2,642,000	\$2,642,000		
	Subtotal of LCAP Action Items	\$12,379,500	\$7,867,500	3,962,000	\$550,000
	Total LCAP Items	\$12,379,500	\$6,391,818		

	Previous LCAP Item Returning to LCAP
	Stimulus Funds/Other Funding
	Educator Effectiveness Grant



# LCAP Action Items Returning to LCAP

Action Item #	Action Item	Total	One-Time	Ongoing	22-23 Other Funding
1.2.A	Summer School	\$600,000	\$400,000	\$200,000	
1.8.A	Graduation Support	\$593,818	\$593,818		
2.4.A	Computer Match	\$500,000	\$200,00	\$300,000	
3.3.D	Paper	\$435,000	\$435,000		
3.3.E	Learning Labs	\$100,000	\$100,000		

	Previous LCAP Item Returning to LCAP
	Stimulus Funds/Other Funding
	Educator Effectiveness Grant



# 2022-23 Budget/LCFF

# 2022-23 Budget/LCAP

- Provide overview of State's fiscal outlook and impact on Proposition 98 funding
- Discuss Governor's January 2022-23 Budget proposal
  - Ongoing funding through the Local Control Funding Formula (LCFF)
  - Transitional Kindergarten (TK)
  - One-time Categorical funding
- 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

# 2022-23 State Fiscal Outlook

- State revenues from Personal Income Tax, Sales and Use Tax and Corporate Income Tax have increased dramatically from what was budgeted in 2020-21 and 2021-22
- With the increase in revenue, the Governor's Budget Proposal for K-12 includes an increase of \$16 billion
- Governor's revenue projections much more conservative than the Legislative Analyst's Office (LAO)
- LAO revenue projections nearly \$18 billion greater than Governor's forecast for 2020-21, 2021-22 and 2022-23
- Recent tax collection information released by the Department of Finance indicates that revenues are trending more in line with LAO's projections
- Higher revenues generate more funding for Proposition 98; K-14

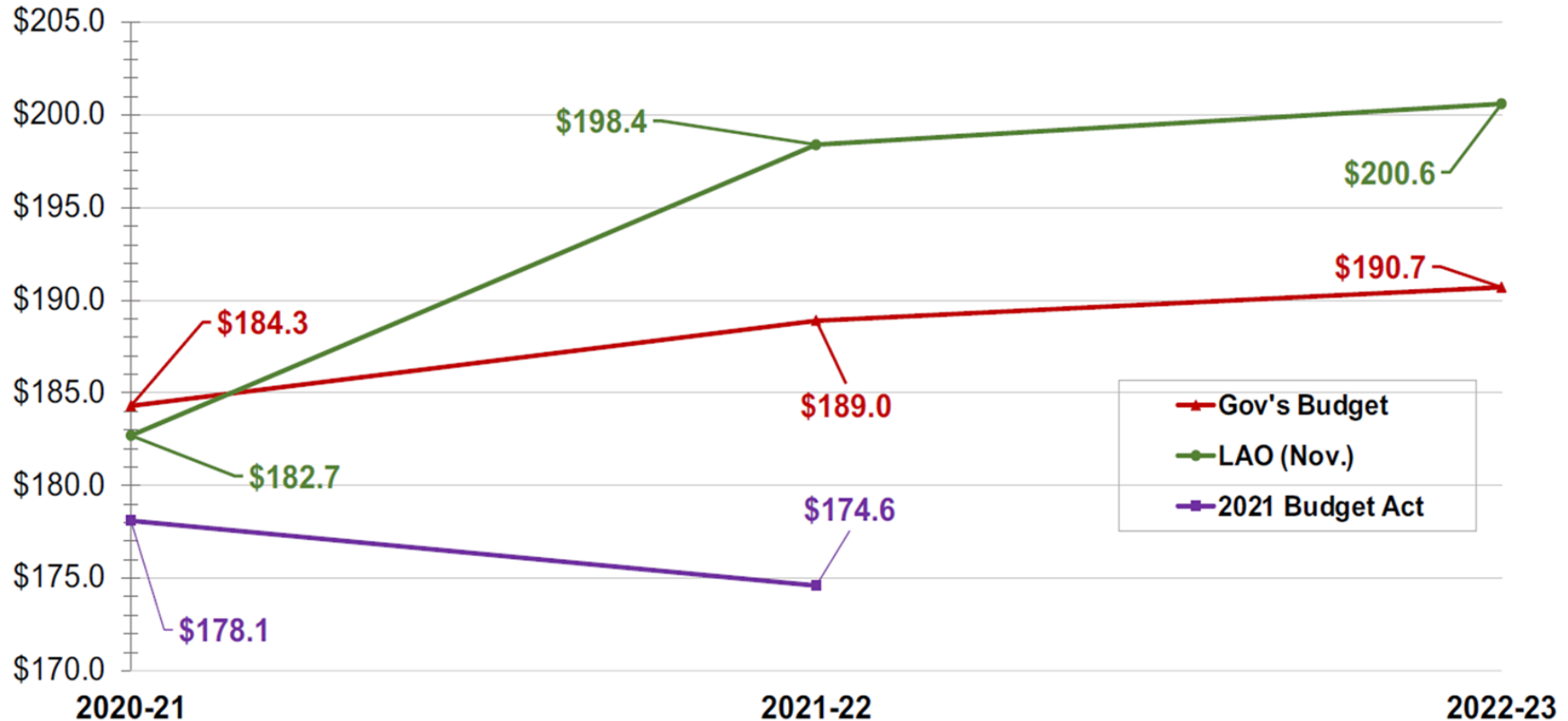
# 2022-23 State Fiscal Outlook & Proposition 98

- Based on revised revenue projections, in November, the LAO projected Proposition 98 guarantee to yield:
  - Additional one-time funding of \$8.2 billion in the current year and \$2 billion for the 2020-21 fiscal year
  - The LAO projected Proposition 98 would grow by \$11.6 billion in 2022-23 for a combined increase of approximately \$21.8 billion
- Governor's revenue estimates yielded additional Proposition 98 one-time funding of \$5.4 billion in the current year and \$2.5 billion for 2020-21
- In addition, the Governor's budget projects Proposition 98 will grow by \$8.3 billion in 2022-23
  - Combined increase of \$16.2 billion
- Reason for optimism that May Revise may generate more funding for Proposition 98



# State General Fund Revenues

(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



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

Operative test for 2022-23, and has  
been for the last four fiscal years



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

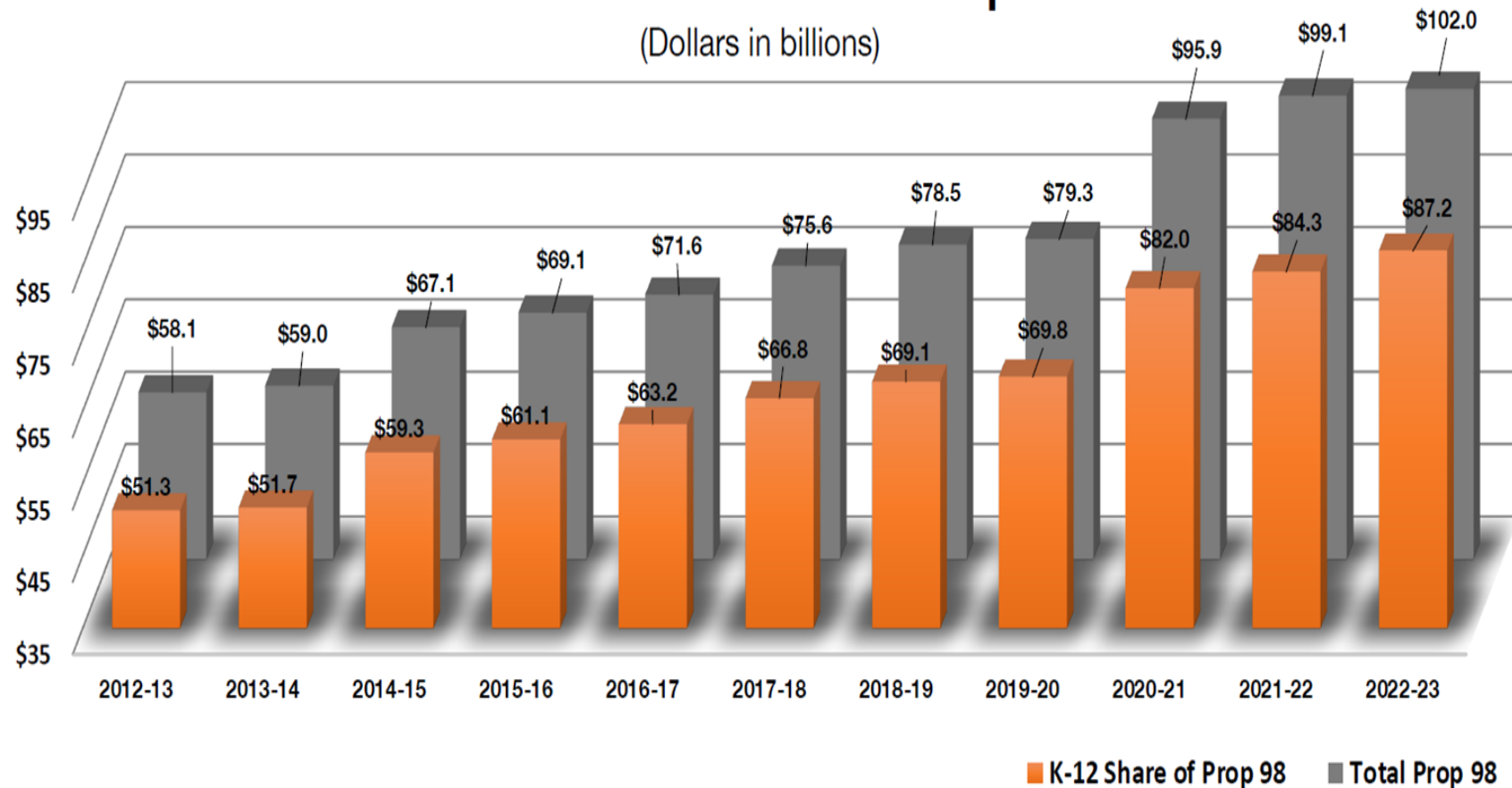
This test is usually operative in a  
strong economy



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

Usually operative in weak economy

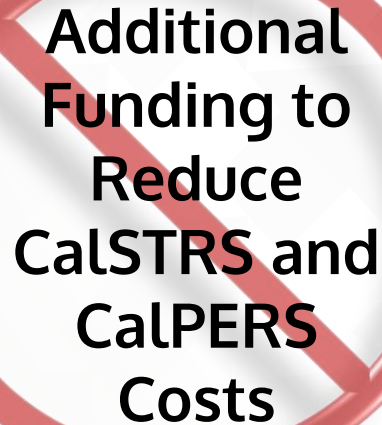
# Proposition 98 Allocated to K-12



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

A red prohibition sign (a circle with a diagonal slash) is overlaid on the text.

**Increased  
LCFF  
Base  
Allocations  
above COLA**

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

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

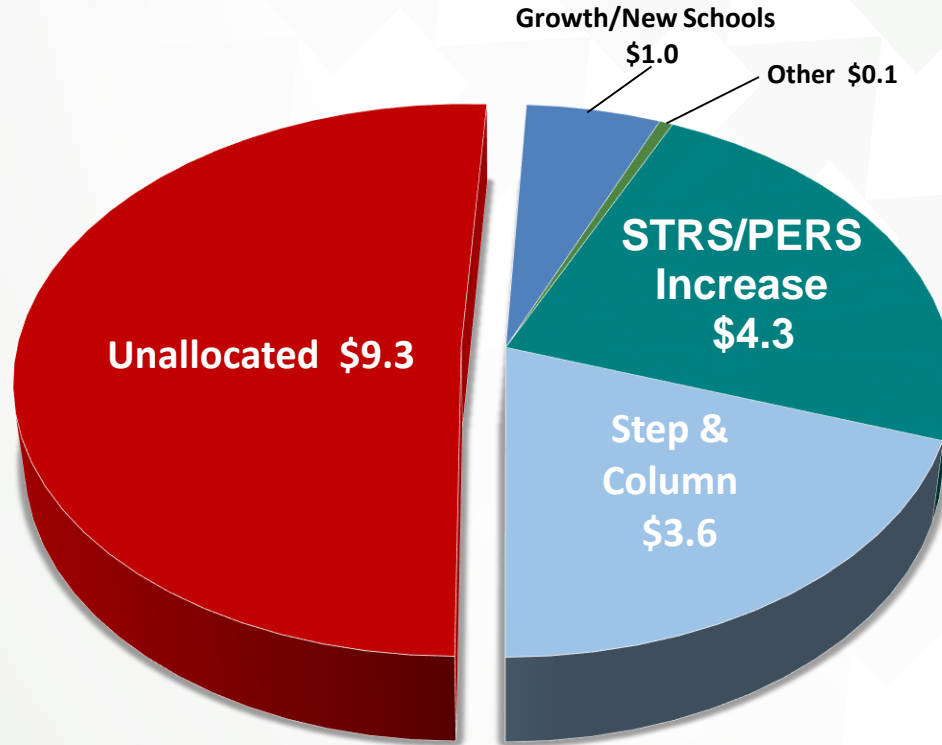
# 2022-23 Governor's January Proposal Highlights

- While \$16 billion increase in funding is significant, a large share of the new funding is tied to categorical programs, leaving fewer resources to address increased costs associated with soaring inflation and rising pension obligations
- Due to spike in inflation, the Governor's January proposal includes a statutory Cost-of-Living-Adjustment (COLA) of 5.33%
- For IUSD this represents a year-over-year ongoing increase of approximately \$18.3 million
- After accounting for annual increases in expenditures related to step and column, pension costs, and Special Education, we estimate \$9.3 million in ongoing funding will be available for allocation
- Special Education will receive the full COLA of 5.33% as well as an augmentation to the base funding formula – impact to IUSD approximately \$3.7 million...will provide additional relief to General Fund



# Utilization of \$18.3 Million Ongoing Funding

(dollars in millions)



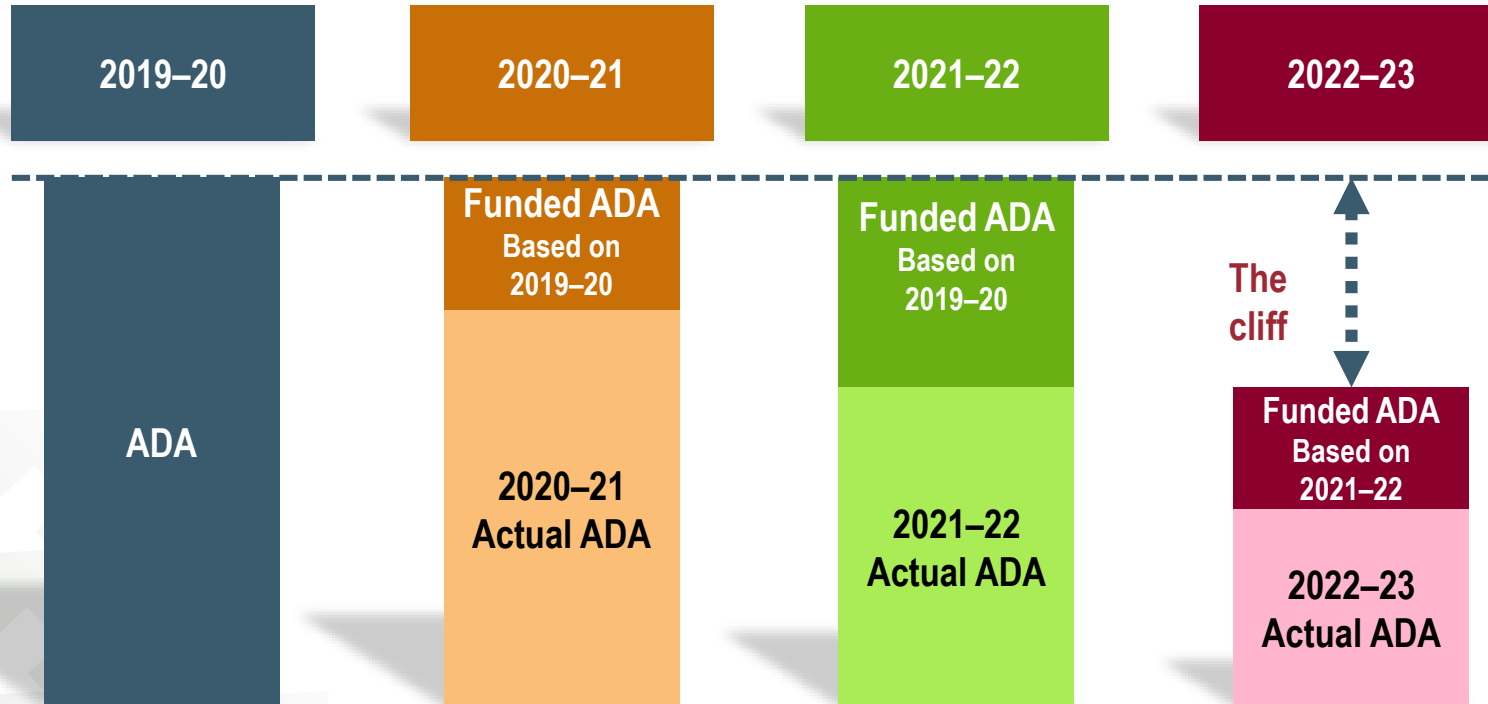
# 2022-23 Governor's January Proposal Highlights

- Existing law provides school districts with a one year reprieve during cycles of declining enrollment
- Allows school districts to be funded based on current or prior year ADA
- This provision was waived for 2020-21 and 2021-22; thus districts experiencing declines due largely to the pandemic have been held harmless to 2019-20 ADA
- Unless extended, creates a funding "cliff" for districts in decline





# Declining Enrollment Cliff



# 2022-23 Governor's January Proposal Highlights

- Governor's proposal recognizes fiscal instability facing many school districts experiencing declining enrollment and high absenteeism
- Recognizes that the current ADA calculation for LCFF apportionment does not allow districts to gradually adjust spending and instructional programs to deal with significant annual drops in enrollment/ADA
- Proposes to amend the LCFF calculation to allow districts to utilize the greater of current year, prior year, or the average of three prior years' ADA



# ADA Cliff – Proposed Solution

- Hypothetical scenario for school districts

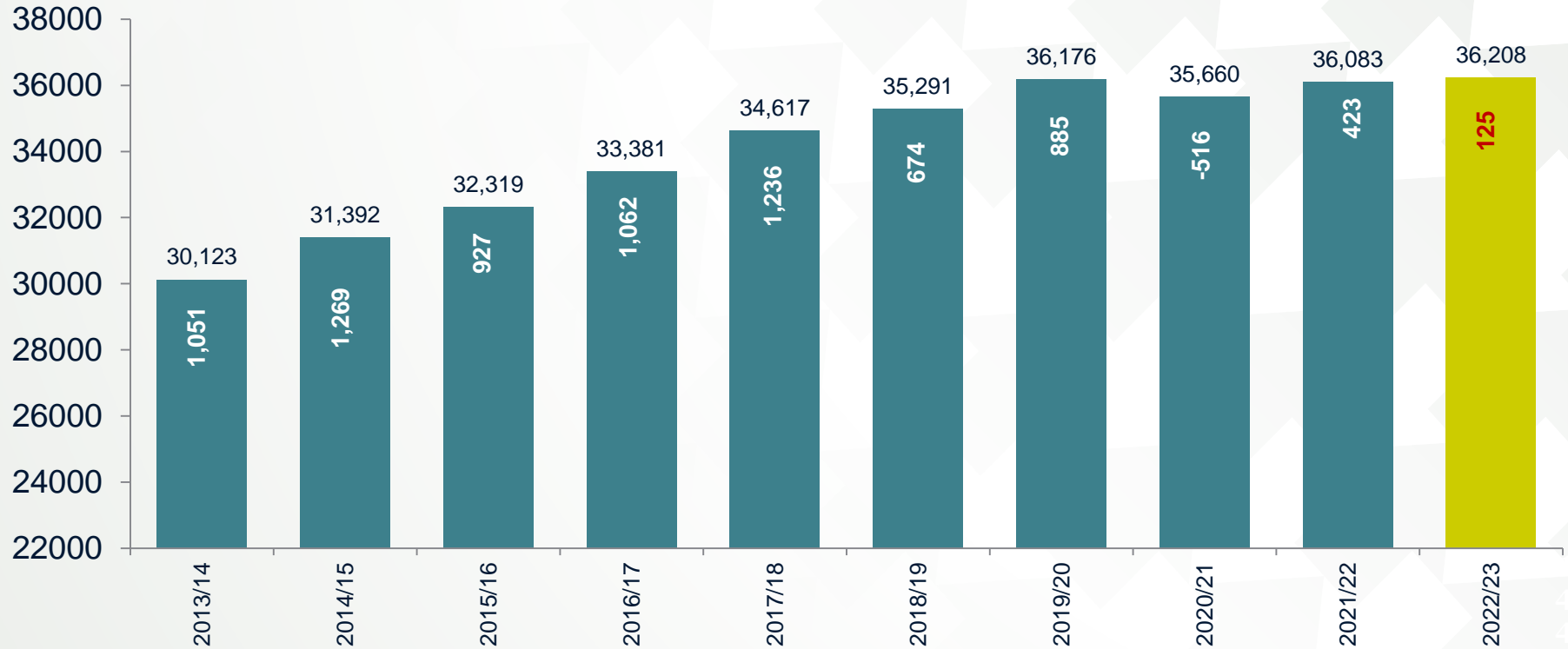
Fiscal Year	Actual ADA
2019-20	10,000
2020-21	10,000*
2021-22	9,500
2022-23	9,250

\*Result of hold harmless

Funded ADA for 2022-23	
Current Law	9,500
Governor's Proposal	9,833
Difference	333

- Goal is to turn the ADA cliff into an ADA softer landing
- The proposed solution would not apply to charter schools, but the Governor intends to engage in outreach and discussions with interested charter school parties

# IUSD Enrollment Trends



# 2022–23 LCFF Funding

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

Increase to the LCFF

\$3.3 billion to fund 5.33% compounded COLA

\$70.5 billion in 2022–23

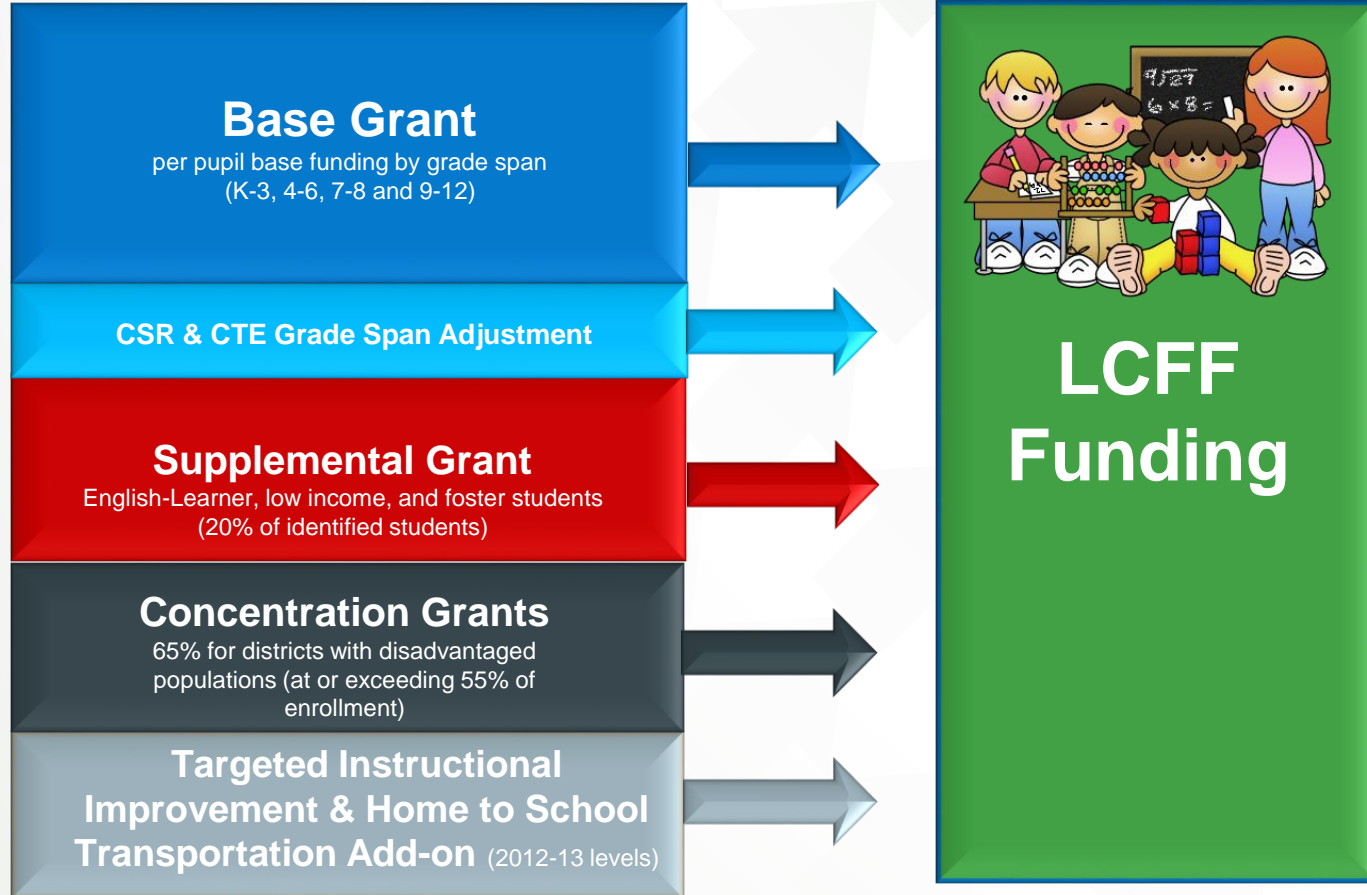
Total 2022–23 LCFF funding

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

\$587

IUSD increase in per-pupil funding.....\$510

# Major Components of the LCFF



# IUSD LCFF Projected Funding 2022-23

Base Grant	TK-3	4-6	7-8	9-12	Totals
2022-23 Projected ADA	10,116.59	8,501.55	5,638.14	10,852.77	35,109.05
Base Grant Per ADA	\$8,523	\$8,652	\$8,909	\$10,324	
Base Grant Funding	\$86,223,697	\$73,555,411	\$50,230,189	\$112,043,997	\$322,053,294
Adjustments (CSR/CTE)	\$886			\$268	
Base Grant Adjustments	\$8,963,299			\$2,908,542	\$11,871,841
Total Base Grant Funding	\$95,186,996	\$73,555,411	\$50,230,189	\$114,952,539	\$333,925,135



# IUSD LCFF Projected Funding 2022-23

Supplemental Grant	K-3	4-6	7-8	9-12	Totals
20% of Base Grant and Unduplicated Disadvantage%	\$579	\$532	\$548	\$652	
Unduplicated Disadvantaged %	30.76%	30.76%	30.76%	30.76%	
Supplemental Grant Funding	\$5,857,506	\$4,522,825	\$3,089,701	\$7,076,006	\$20,546,038
HTS Transportation*					\$1,173,319
Targeted Instructional Improvement Block Grant*					\$1,448,459
Total LCFF Funding	\$101,044,502	\$78,078,236	\$53,319,890	\$122,028,545	\$357,092,951

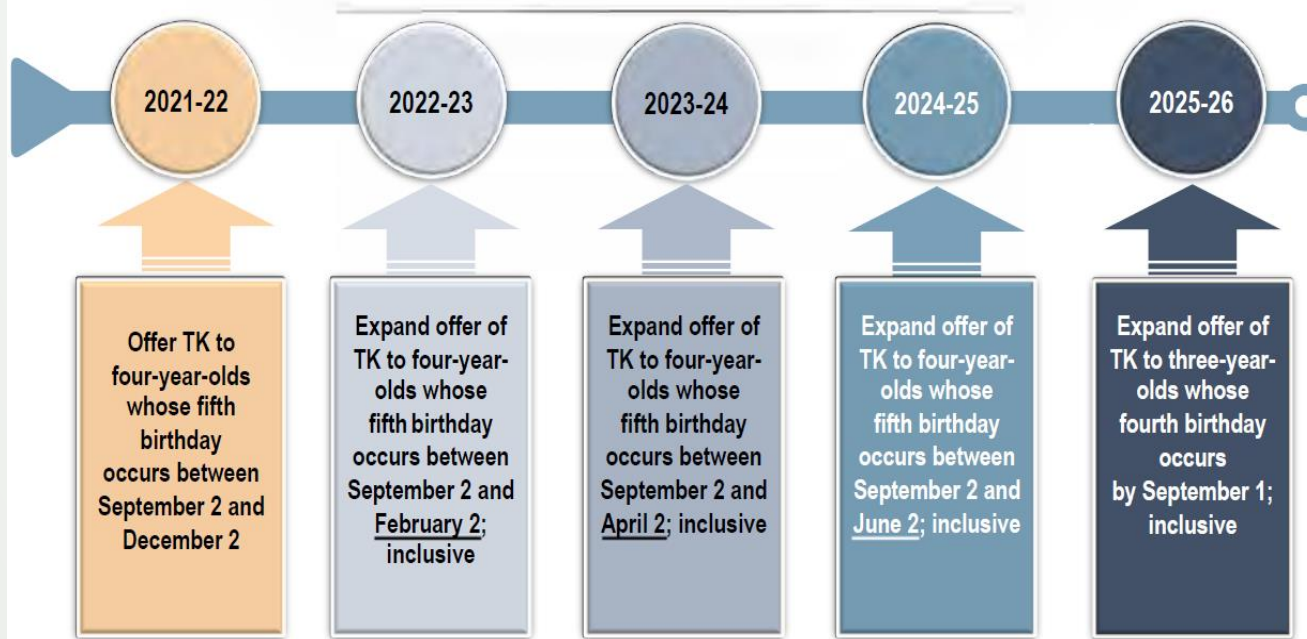
\* HTS Transportation and Targeted Instructional Improvement Block Grant funded at 2012-13 levels.

# Categorical Funding

- The Governor's 2022-23 January Budget proposal includes funding augmentations to several categorical programs.....
  - Expanded Learning Opportunities Program (ELOP) - \$3.4 billion ongoing
  - Child Care and Preschool - \$2.0 billion ongoing
  - Early Literacy Grants - \$700 million one-time
  - Career Pathway Programs - \$1.5 billion one-time
  - School Facilities Funding in lieu of state bond - \$2.2 billion
  - \$1.5 billion one-time funding for grants to purchase electric school buses

# Transitional Kindergarten

## Legal Requirements of Universal TK



- The 2022-23 Budget includes \$640 million in ongoing funds due to the re-benchmarking of Prop 98
- The 2021-22 Budget included \$200 million one-time planning grant funds and \$490 million in facilities funds
- IUSD does not qualify for any facility funding (funding heavily weighted to low income areas)

# Locally Funded/Basic Aid District Funding Model



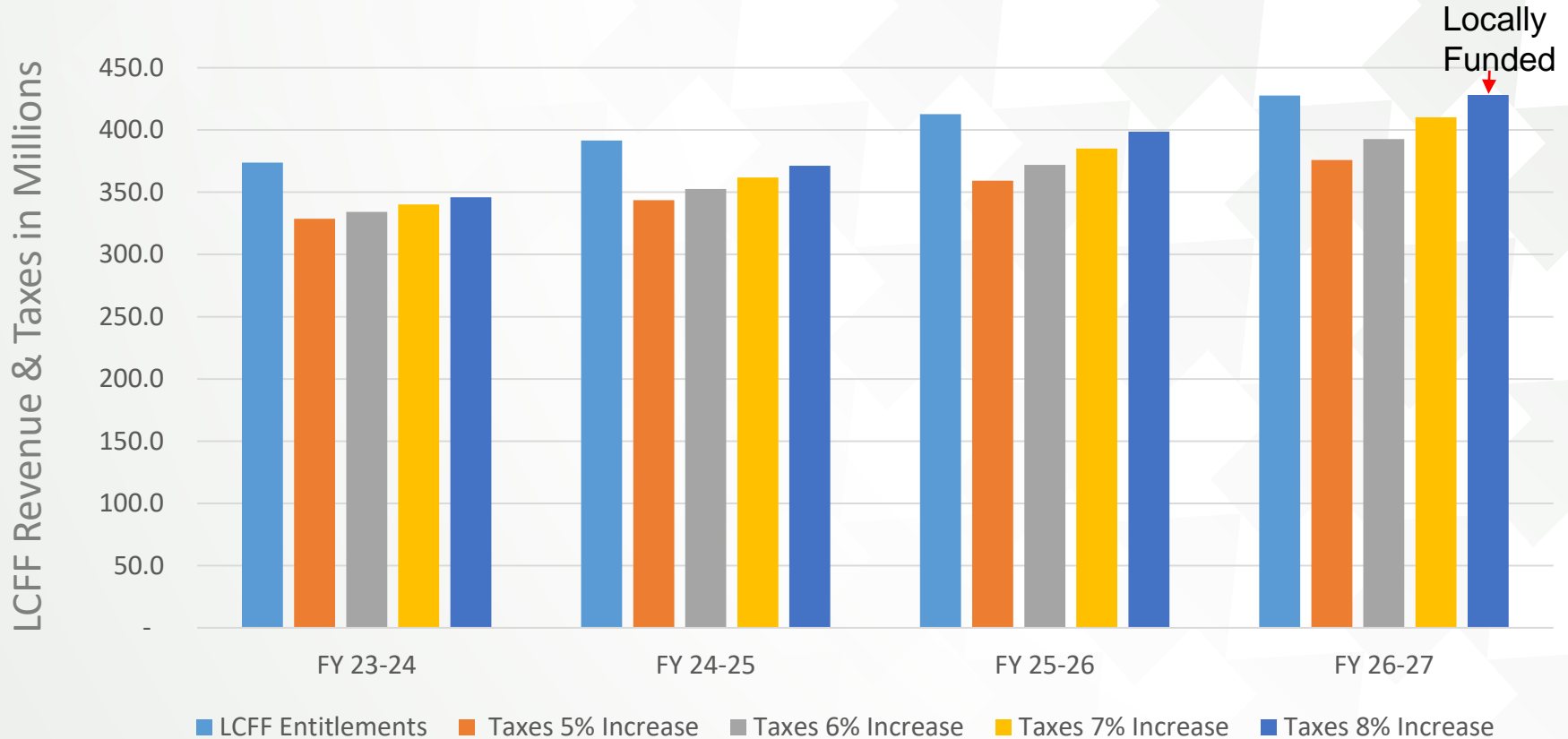
- IUSD is currently a LCFF funded district
- Current distribution
  - \$301M – Local Property Taxes – 88%
  - \$38M – State Aid – 12%
- Locally funded districts receive almost all funding from local property taxes
- Small amount from Categorical 2012-13

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

# Locally Funded/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 vs. LCFF Funded



# Building 2022-23 LCAP/Budget

- Utilizing input from numerous stakeholders through the LCAP process, IUSD has leveraged use of one-time resources over multiple fiscal years
- Approximately \$8 million in “one-time” investments were targeted to drop off at end of 2022
- In recognition, current year one-time resources set aside
- Unallocated from 2020-21 \$8 million
- Utilization of Federal Stimulus Funds where appropriate





# Budget Prioritization Focus Areas

Description	LCAP 2022-23 One-Time
<b><u>Summary by Major Category:</u></b>	
Goal 1	\$2,299,500
Goal 2	\$2,926,000
Goal 3	\$2,642,000
Total LCAP	\$7,867,500
<b>Less: Funded with State/Federal resources</b>	<b>(\$1,475,682)</b>
Total Allocated	\$6,391,818
Total Available	\$8,000,000
<b><i>Remainder for future LCAPS:</i></b>	<b>\$1,608,182</b>

# 2021-22 to 2023-24 Budget Projections (illustration)

## Unrestricted General Fund

### Assuming Workload Budget

Description	2021-22 Projected	2022-23 Projected	2023-24 Projected
Total Revenues	\$356,811,350	\$375,789,279	\$390,208,175
Total Expenditures	(\$302,220,578)	(\$296,387,860)	(\$301,269,484)
Utilization of One-Time Resources (LCAP)		\$6,391,818	
Utilization of ongoing resources		\$9,300,000	\$9,300,000
Revised Total Expenditures	(\$302,220,578)	(\$312,079,678)	(\$310,569,484)
EXCESS (DEFICIENCY)	\$54,590,772	\$63,709,601	\$79,638,691
Other Sources/Uses	(\$75,783,402)	(\$69,514,483)	(\$71,151,038)
Net Increase/(Decrease)	(\$21,192,630)	(\$5,804,882)	\$8,487,653

Projections based on 2021-22 Second Interim (including all salary increases) and Governor's 2022-23 January Budget Proposal.

## 2021-22 to 2023-24 Budget Projections (illustration)

### Unrestricted General Fund - Assuming Workload Budget

Description	2021-22 Projected	2022-23 Projected	2023-24 Projected
Beginning Fund Balance	\$48,534,125	\$27,341,495	\$21,536,613
<b>Estimated Ending Fund Balance</b>	<b>\$27,341,495</b>	<b>\$21,536,613</b>	<b>\$30,024,266</b>
<b><u>Components of Ending Fund Balance:</u></b>			
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000
State Recommended Minimum Reserve -DEU	\$11,002,000	\$9,428,709	\$9,455,219
Contingency Reserve	\$5,000,000	\$5,000,000	\$5,000,000
Reserved for 2022-23 LCAP	\$8,000,000		
Reserved for future LCAPs		\$1,608,182	\$1,608,182
Remainder	\$2,989,495	\$5,149,722	\$13,610,865

# Uncertainty Ahead



# Ongoing Challenges

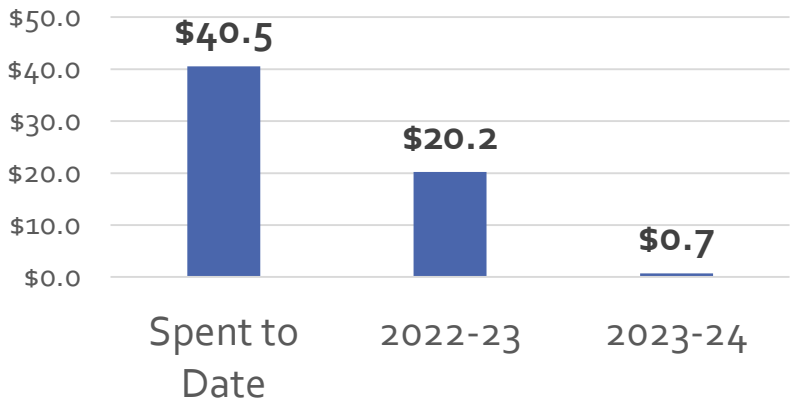
- The LCFF represents well over 90% of Unrestricted Revenue (for IUSD 94%), yet funding disproportionately benefits districts with high concentrations of disadvantaged students
- Large influx of State and Federal one-time funding
- District-wide/State-wide Enrollment
- State revenues very volatile
  - 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....
- Impact of Gann Limit

# One-time Federal and State Funds

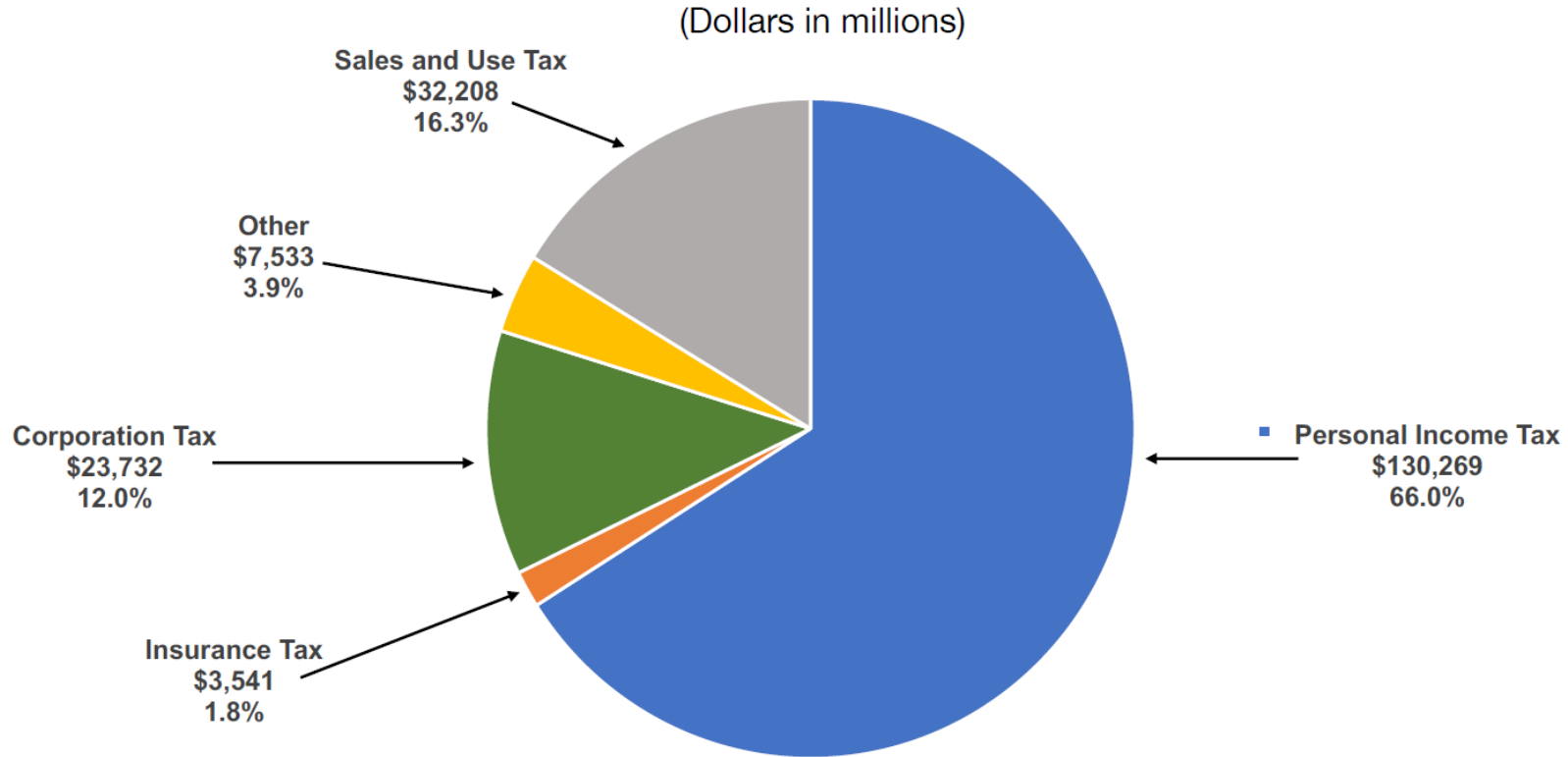
Summary of New One-time funding:

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

Planned Stimulus Expenditures  
(in Millions)



# 2022-23 General Fund Revenues





# 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
2021-22	18.1	16.92
2022-23	18.1	19.1
2023-24	18.1	19.1

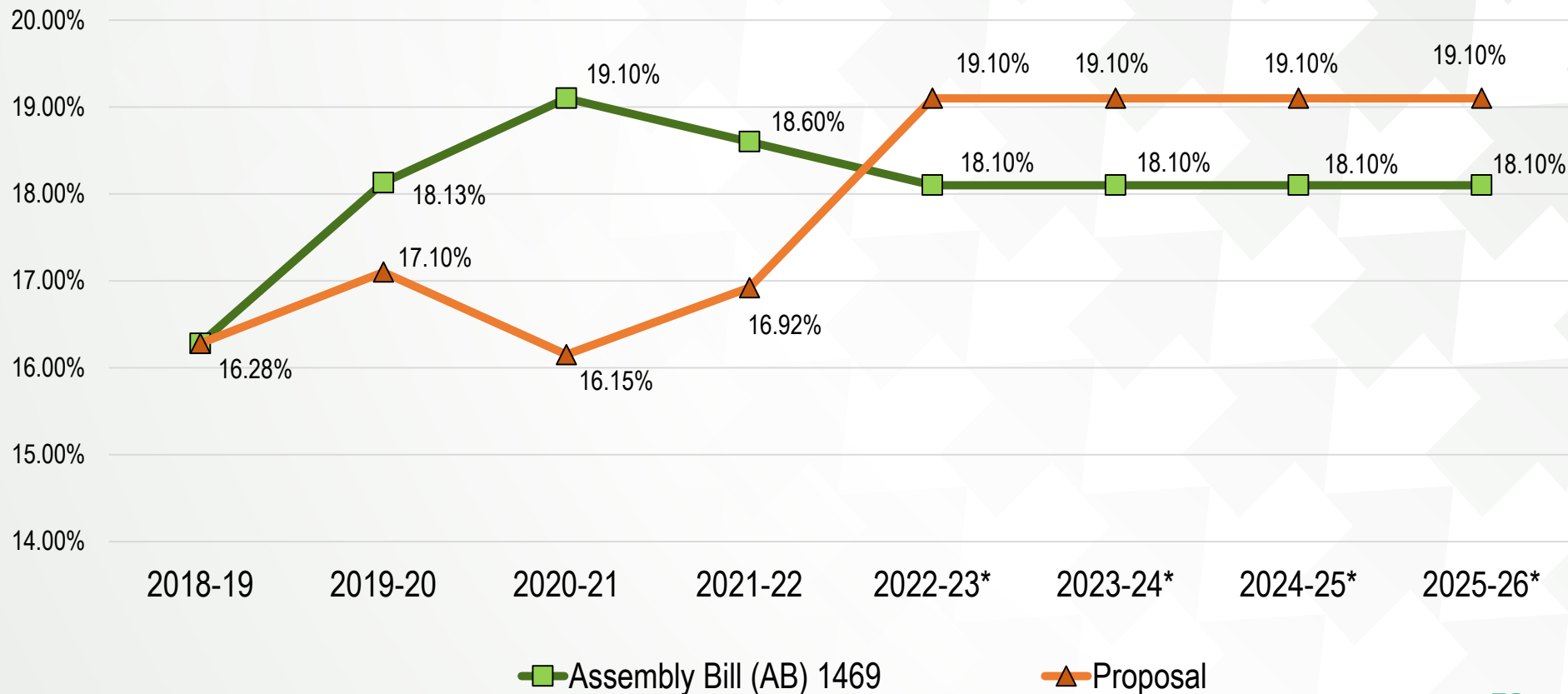
## CalPERS

Fiscal Year	Before 2020 Budget Act	After 2020 Budget Act
2021-22	25.2*	22.91
2022-23	26.3	26.1*
2023-24	27.3	27.1*
2024-25	27.8	27.7*
2025-26	27.8	27.8*
2026-27	27.6	27.8*

\* Latest projected rates and subject to change

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

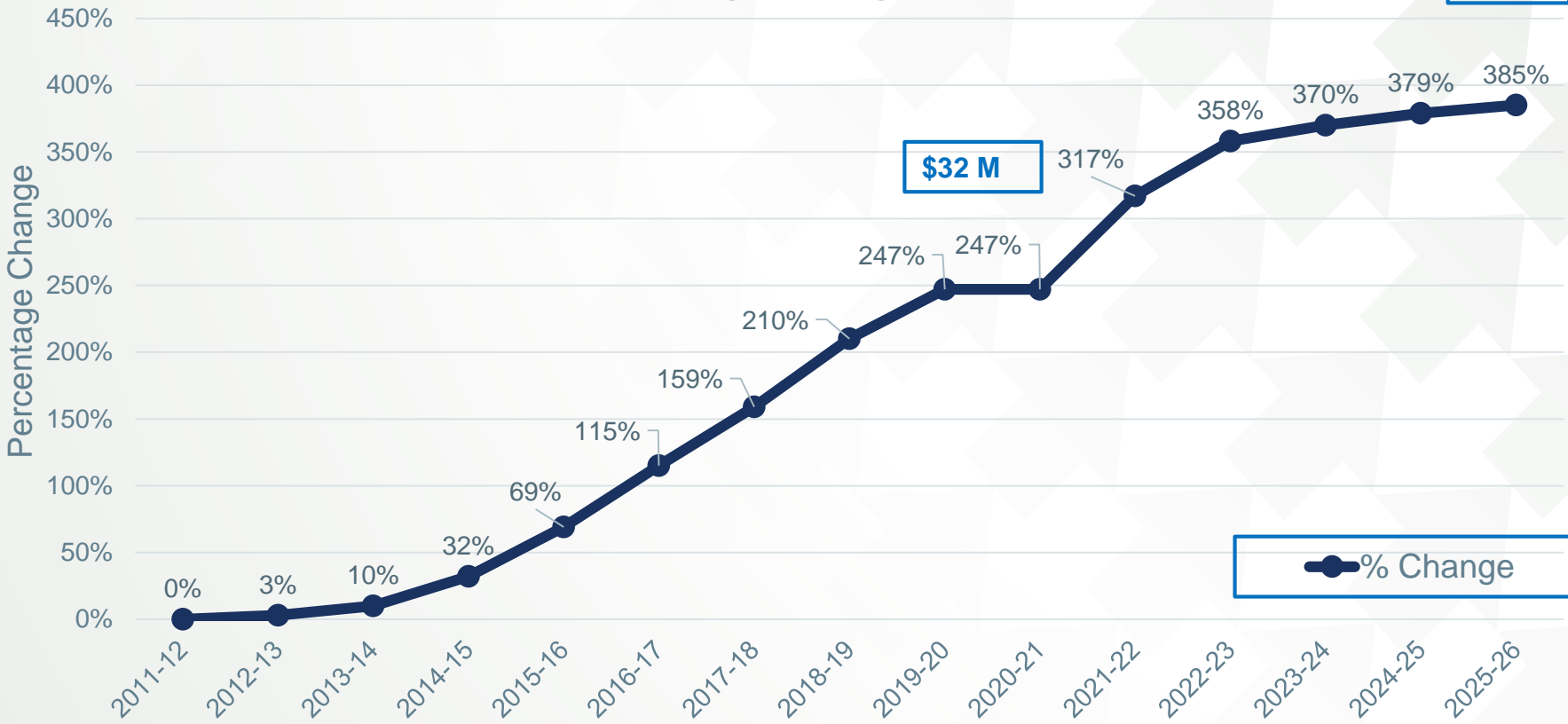
## CalSTRS Employer Contribution Rates – Current Law Versus Governor's Proposal



# STRS & PERS Projected Increases

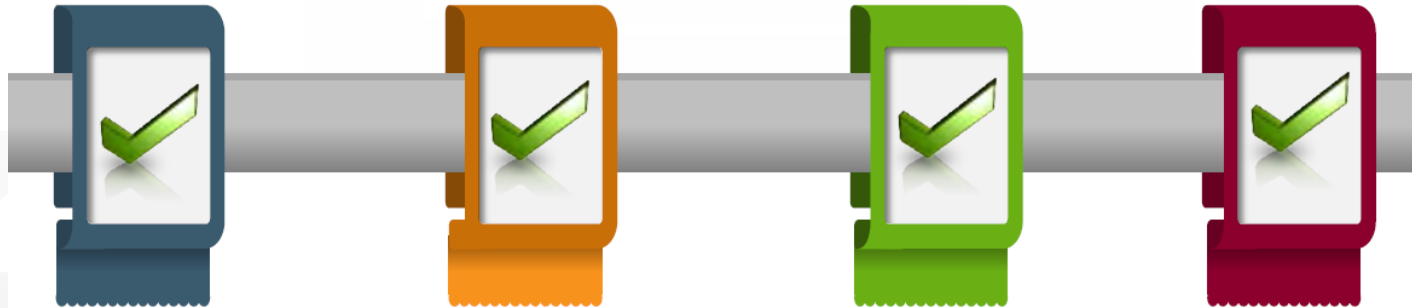
STRS and PERS Percentage Change from 2011-12 to 2025-26

\$48 M



# Reserve Cap Limit

- When specific criteria are triggered District reserves are capped at 10%-unrestricted assigned and unassigned
- These criteria are scheduled to be met in 2022-23
- Substantial COLA along with carryover funds may require the District to commit fund balances previously assigned



## Test 1

Minimum  
guarantee is  
determined by  
Test 1

## Maintenance Factor

Proposition 98  
maintenance factor  
prior to 2014-15 is  
fully paid

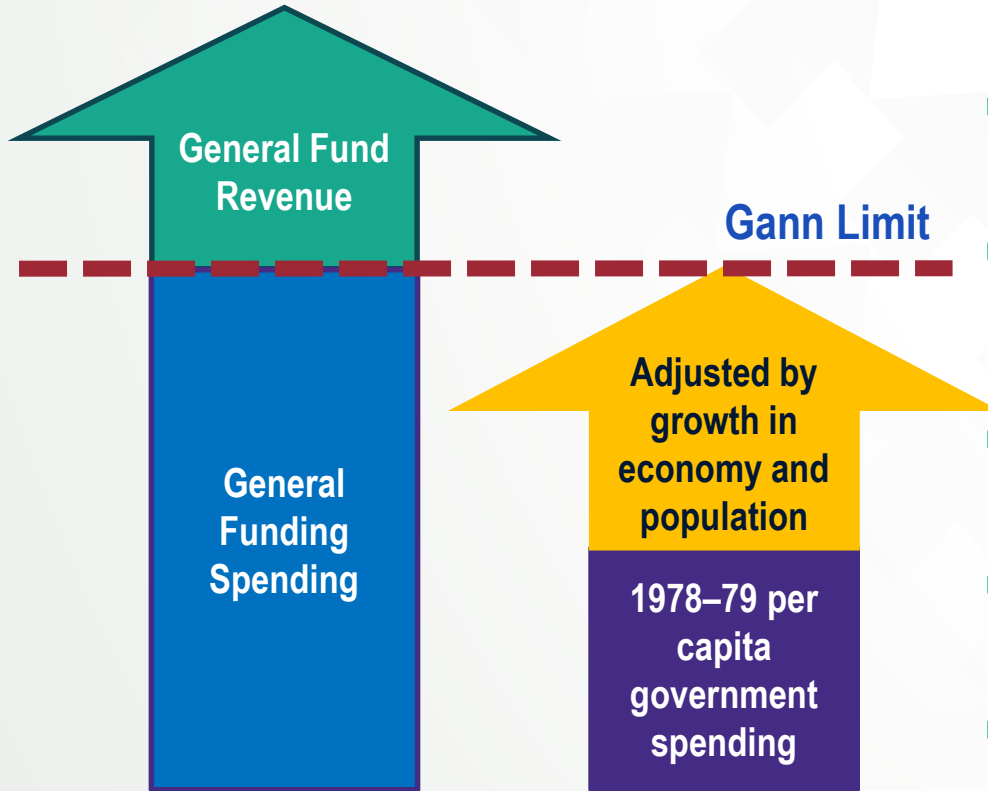
## ADA and COLA

Proposition 98  
minimum guarantee  
is sufficient to fund  
ADA\* and COLA

## Capital Gains

Capital gains  
exceed 8% of  
General Fund  
revenues

# The Gann Limit and Education Funding



- ⇒ Purpose of “Gann limit” is to keep real (inflation adjusted) per-person government spending under 1978-79 levels
- ⇒ When limit is surpassed cumulatively for two consecutive years, the excess must be allocated evenly between schools and taxpayer refunds
- ⇒ Administration calculates revenues likely exceeded the limit by \$2.6 billion over the 2020-21 (\$19 billion over) and 2021-22 (\$16.4 billion under) fiscal years
- ⇒ Revenues coming in much higher than Governor’s projections in current year which may trigger Gann Limit excess in 2022-23
- ⇒ Administration will update the Gann Limit calculations, and offer proposals to address any excess, in the May Revision
- ⇒ Any “excess” allocation to K-14 is one-time and will not add to the Proposition 98 base

# Next Steps

- May 1, 2022
  - Share Plan with Stakeholder Groups
  - Continue to review and revise plan based on input
- June 7, 2022
  - 2022-23 LCAP Public Hearing
  - 2022-23 Budget Public Hearing
- June 28, 2022
  - 2022-23 LCAP Adoption
  - 2022-23 Budget Adoption

# Questions

