Irvine Unified School District

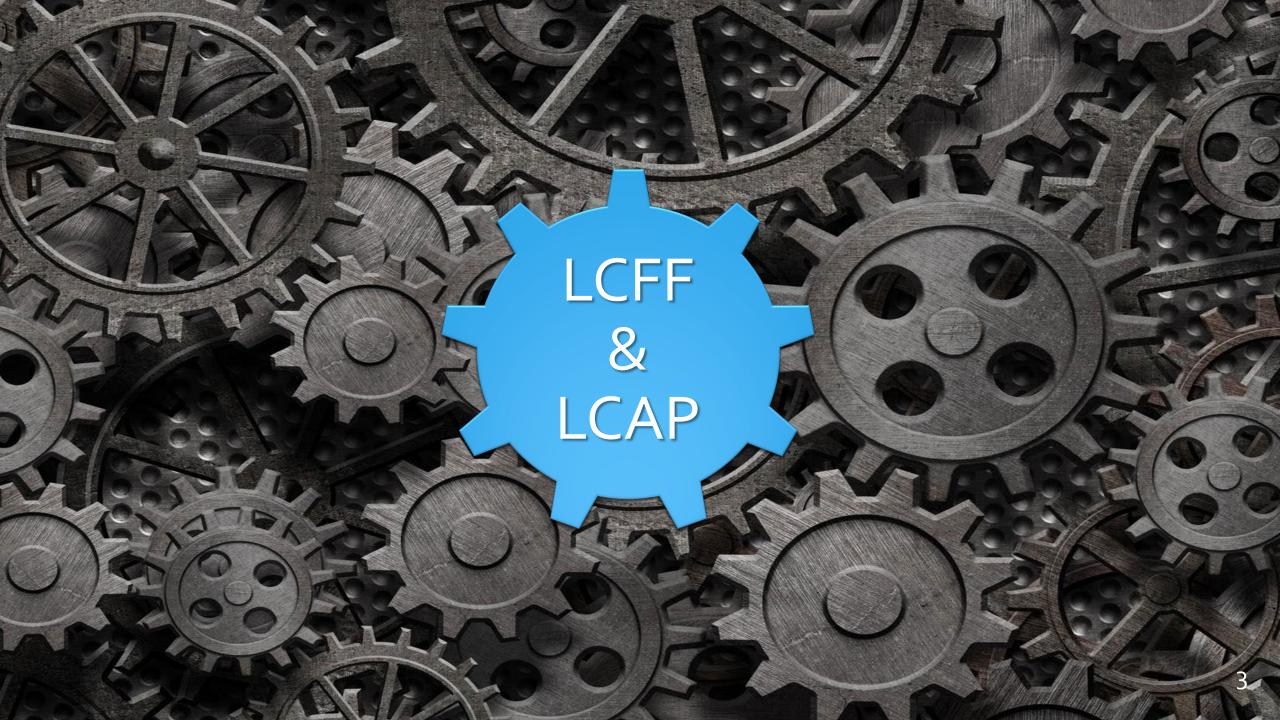
LCAP/Budget Study Session April 28, 2020

BUDGET

LCAP

Goals/Outcomes

- 2020-21 LCAP Development Process
 - Understanding the goals of the LCAP and the components of the revised LCAP document
 - Review of stakeholder engagement and impact on the draft LCAP
- 2020-21 District Budget
 - Discussion and analysis of Local Control Funding Formula (LCFF)
 - 2019-20 and 2020-21 "Initial" budget financial projections



LCAP Overview

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

Updated LCAP Document

The LCAP is organized into four sections:

- **1.** Plan Summary
- 2. Stakeholder Engagement
- 3. Goals and Actions
- 4. Increased or Improved Services

Stakeholder Engagement

Stakeholder Activity Fall 2019:

□ Sites – Stakeholders:

-Reviewed Priority Actions (18-19 and 19-20) and provided feedback on LCAP actions

District Stakeholder Groups:

-Participated in a needs assessment activity

Annual Survey January 2020:

□ All Sites participated –

□ Students: 22,729, Parents: 7,508, and Staff: 2,096

Outcome:

Continued focus on "High Priority" actions

Understanding of causes and potential solutions

		High Priority Actions
1.	•	Elementary Resource Counseling Specialists
2.	•	Elementary PE Professionals
3.	•	Purchase and keep technology updated
Tied	•	Secondary Sections
4.	•	Special Education Program Supports

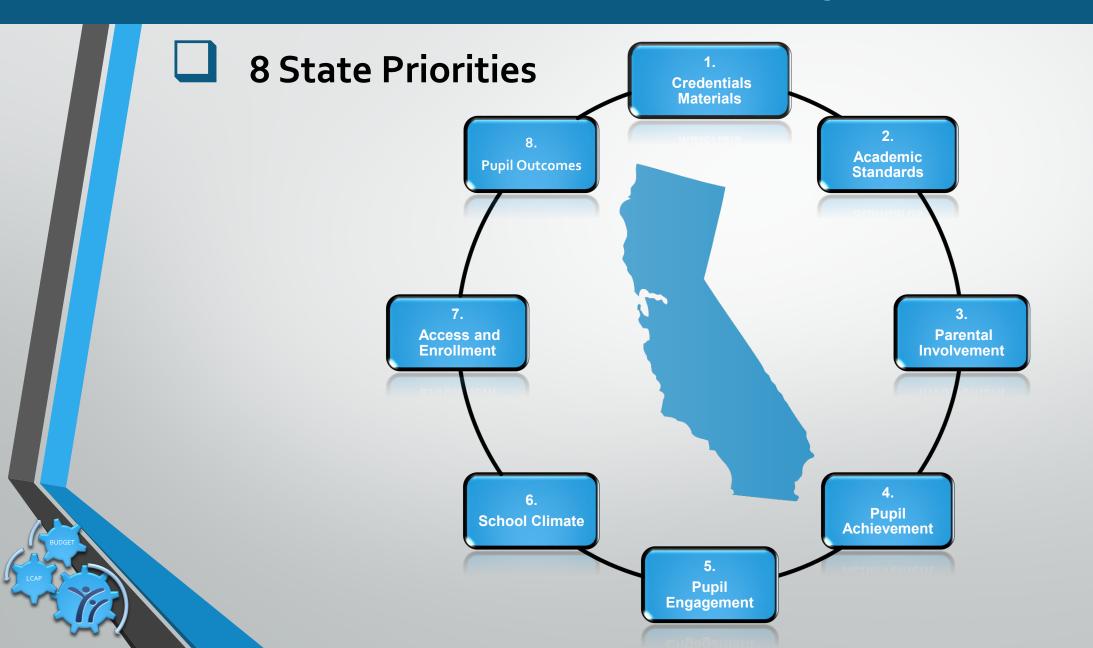
Consultation with Associations as Stakeholders

- Our employees are critical to the success of our students and provide input about LCAP at their school and district sites and during the survey process for stakeholders.
- We have developed a process where we consult and share information with ITA and CSEA throughout the year on LCAP and State budget development.
- This is important as LCAP and State Budget timelines do not always align with bargaining timelines.

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

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**
- **16 Progress Indicators**

Goal #1

- Attendance Rates
- Chronic Absenteeism
- Middle School Dropout Rate
- High School Dropout Rate
- Graduation Rates
- Pupil Suspension Rates
- Pupil Expulsion Rates

Goal #2:

- Performance on CAASPP
 - ELA, Math, and Science
- A-G requirements or CTE Pathways
- UC/CSU requirements
- English learner progress towards proficiency ELPAC
- English learner reclassification rate
- Pupils prepared for college by the EAP in ELA and Math

Goal #3:

- Teachers appropriately assigned/credentialed
- Pupils have access to standards aligned instructional materials
- School facilities are maintained in good repair

LCAP Goal #1

Create a positive school climate and system of supports 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

Aligned with feedback received from stakeholders, IUSD Cabinet presents the following focus areas for the allocation of resources in 2020-21:

Description	2019-20 Allocation	2019-20 On-Going	2020-21 Proposed Allocation	2020-21 One-Time	2020-21 On-Going	
Summer School Programs:						
1.2.B: Summer School	\$300,000		\$400,000	\$400,000		
1.2.D: Athletic Augmentation	\$30,000		\$30,000	\$30,000		
Mental Health and Wellness:	Mental Health and Wellness:					
1.4.A: Project Success and GAs	\$575,000		\$625,000	\$525,000	\$100,000	
1.4.D: Elementary Resource Specialists	\$1,160,000	\$495,000	\$1,335,000	\$295,000	*\$295,000	
Materials and Staff Targeting English Learner	laterials and Staff Targeting English Learner, Low Income and Foster Youth:					
(NEW) I.5.I: Equal Opportunity School			\$122,000	\$122,000		
Student Support to Meet New Graduation Red	Ident Support to Meet New Graduation Requirements:					
(NEW) 1.7.A: Graduation Support			\$949,500	\$949,500		
Subtotal Goal 1:	\$2,065,000	\$495,000	\$3,461,500	\$2,321,500	\$395,000	

14 * Additional funding from IPSF

LCAP Goal #2

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

State Priorities Addressed:

- Priority 4: Pupil Achievement
- Priority 8: Pupil Outcomes

Budget Prioritization Focus Areas: Goal 2, Part 1

Description	2019-20 Allocation	2019-20 On-Going	2020-21 Proposed Allocation	2020-21 One-Time	2020-21 On-Going
Professional Learning Communities:	rofessional Learning Communities:				
2.2.A: Facilitator Coaches	\$1,245,000	\$683,000	\$1,385,315	\$702,315	
TOSAs and Mentors:					
2.3.A: Curriculum and Special Ed. TOSAs	\$1,845,000	\$500,000	\$1,930,000	\$1,040,000	\$390,000
2.3.B: Mentor/Curriculum Dev. Stipends	\$132,000		\$150,000	\$150,000	
2.3.C: Ed. Tech TOSAs	\$375,000		\$390,000	\$130,000	\$260,000
2.3.D: HS Tech Mentors	\$250,000		\$50,000	\$50,000	
Technology Programs:					
2.4.A: Computer Matching Program	\$500,000	\$200,000	\$1,000,000	\$700,000	\$100,000
2.4.B: Tech. Maintenance Fund	\$1,000,000	\$200,000	\$1,000,000	\$600,000	\$200,000

Budget Prioritization Focus Areas: Goal 2, Part 2

Description	2019-20 Allocation	2019-20 On-Going	2020-21 Proposed Allocation	2020-21 One-Time	2020-21 On-Going	
Art, Music and Science Programs:						
2.5.A: Elementary Art 1-3	\$600,000			(\$300,000)	\$300,000	
(NEW) 2.5.C: Instrument Inventory			\$180,000	\$180,000		
elementary Physical Education and Secondary Athletic Program Support						
2.6.A: Elementary PE Paraprofessionals	\$660,000	\$90,000	\$800,000	\$205,000	*\$205,000	
(NEW) 2.6.B: Coaching Positions			\$150,000		\$150,000	
Subtotal Goal 2	\$6,607,000	\$1,673,000	\$7,035,315	\$3,457,315	\$1,605,000	

* Additional funding from Educational Partnership Fund (EPF)

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 Standards
- Priority 7: Course Access and Enrollment

Budget Prioritization Focus Areas: Goal 3

Description	2019-20 Allocation	2019-20 On-Going	2020-21 Proposed Allocation	2020-21 One-Time	2020-21 On-Going	
Class Size Reduction:						
3.1.B: Impacted/Intervention Sections 7-12	\$1,000,000		\$1,175,000	\$1,175,000		
Direct Site Support: Resources and Staff:	Direct Site Support: Resources and Staff:					
(NEW) 3.2.D: Student Support/Safety MS			\$50,000	\$50,000		
(NEW) 3.2.E: Student Support/Safety HS			\$285,000	\$285,000		
(NEW) 3.2.F: Increased Health Assistants			\$150,000		\$150,000	
Quality School Facilities:						
3.5.A: Innovative Furniture	\$500,000		\$500,000	\$500,000		
3.5.B: Classroom Sound Systems	\$224,000		\$224,000	\$224,000		
Career Technical Education (CTE):						
3.6.A: CTE/ROP Program Support	\$200,000		\$200,000	\$200,000		
Blended Online Learning:						
3.7.A: Expanded Program Support	\$700,000	\$400,000	\$800,000	\$200,000	\$200,000	
Subtotal Goal 3:	\$2,624,000	\$400,000	\$3,384,000	\$2,634,000	\$350,000	

2020-21 Budget/LCFF

2020-21 Budget/LCFF

- Provide an overview of the Governor's January 2020-21 Budget Proposal adjusted to reflect a "Workload Budget"
- Discuss Proposition 98 funding
- Analyze District's projected 2020-21 LCFF Funding including shifts in district enrollment
- Risks to State Budget
- Discuss use of available funding in the current and subsequent budget year
- Provide two financial illustrations assuming allocation of available district funds

2021- Fiscal Outlook

Legislative Analyst's Office released report on April 16, 2020 on economic impact of COVID-19

- Job loss and shutdown of state economy has entered a recession
- State Fiscal Outlook has deteriorated from an anticipated surplus to very likely facing budget problem
- Fiscal Effects of recession will likely span more than one budget year
- Lacking Solid Basis for Revenue Estimates, Adoption of Cautious Budget in June Justified
- Baseline (or "workload") budget is cost to maintain existing service levels

What constitutes a "baseline budget" is open to some interpretation



Timing of State Budget Cycle

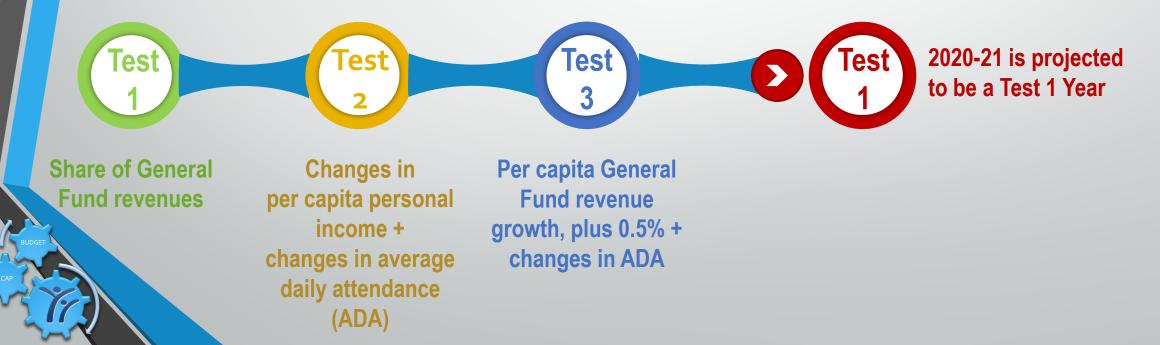
- May Revision will reflect "workload" budget
 - 2019-20 current service levels



- Likely all new January 2020-21 budget proposals off the table
- In addition state will likely adopt a June 15 2020-21 State Budget that initially reflects a "workload" budget
 - Delay in Personal Income Tax (PIT) until July 15 state revenues will be difficult to project
- August Revise....
- Proposition 98 not spared....

Proposition 98

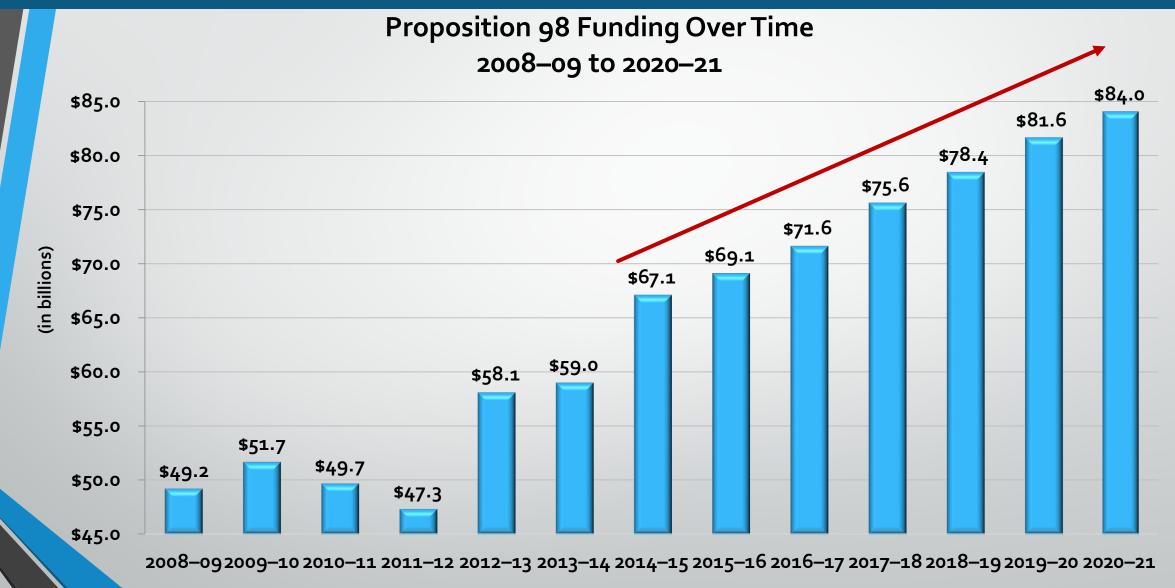
- Constitutional amendment approved by voters in 1988 with stated goals:
 - Establish "stable, minimum guaranteed funding level" for K-14
 - Receive special status during the annual budget development
 - Receive a minimum share of the State General Fund
 - Keep pace with the economy
 - Take school financing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



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 2020-21 is just 2.9% or \$2.4 billion Test 1
- Slow revenue growth with increasing costs means more strain on LEA budgets

Proposition 98



2020-21 State Budget Proposal Highlights

- LCFF funding in Governor's initial proposal includes funding of the projected statutory Cost-of-Living Adjustment (COLA) only.....
- Items <u>NOT</u> included in "Workload Budget"
- Governor's Funding priorities outside of LCFF:
 - Special Education remains a priority for the Governor \$645.8 million to fund a new Special Education base formula. Anticipated to generate approximately \$3.6 million annually for IUSD
 - It is currently estimated that these funds will be available to offset existing encroachment and thus are available for allocation.....
 - Special Education \$250 million to support children ages 3-5 with Individualized Education Plans (IEPs) – funding to be used to increase services
 - \$900 million dedicated to Educator Recruitment and Development various programs

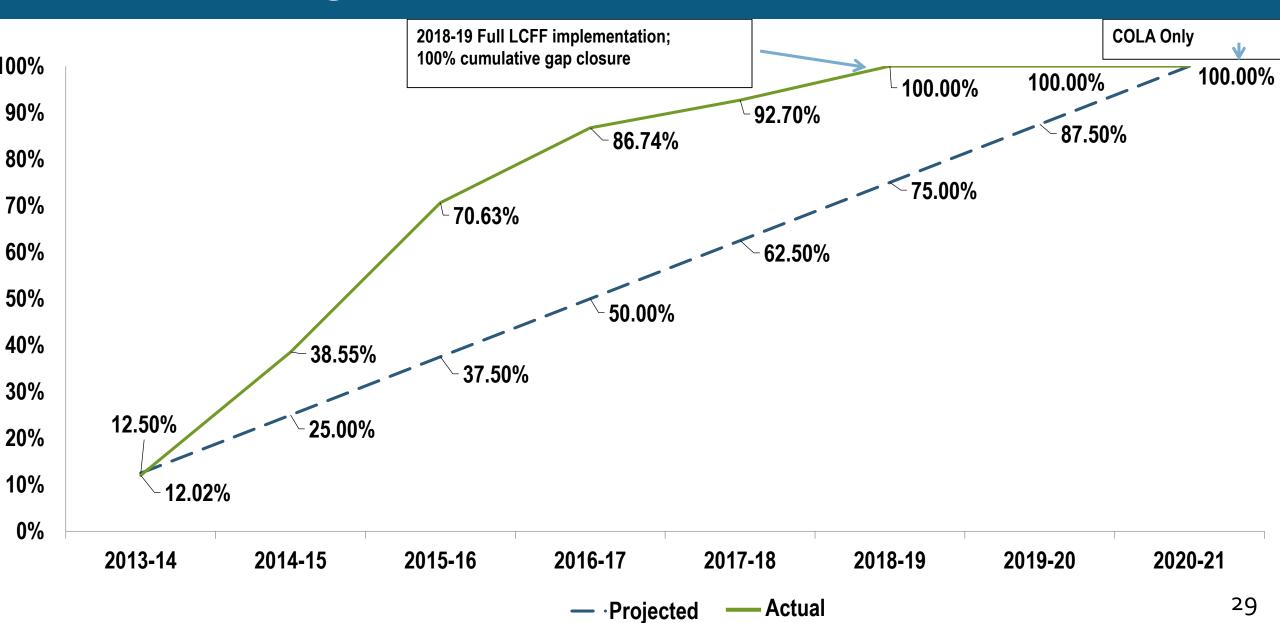




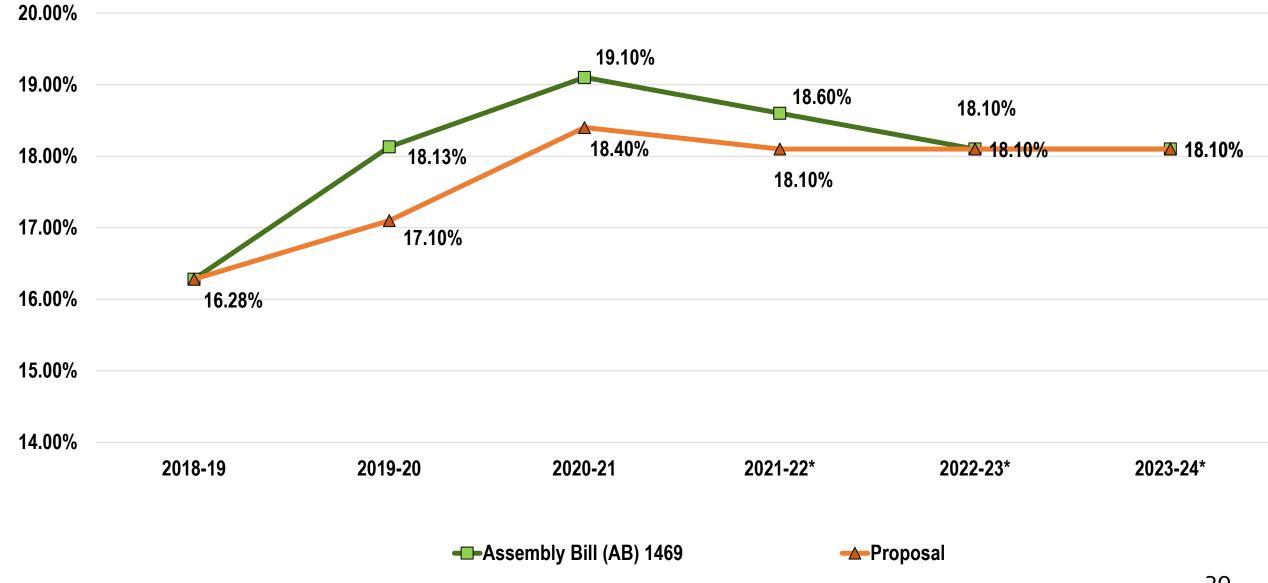
What is not in Governor's Proposal.....



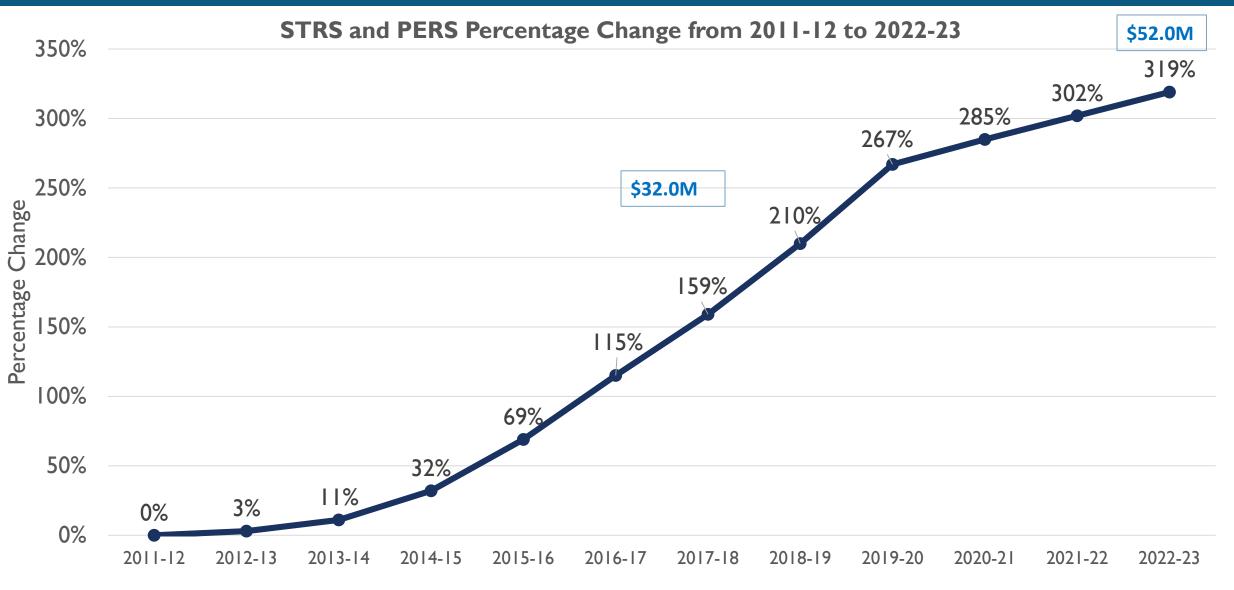
Progress Toward LCFF Implementation



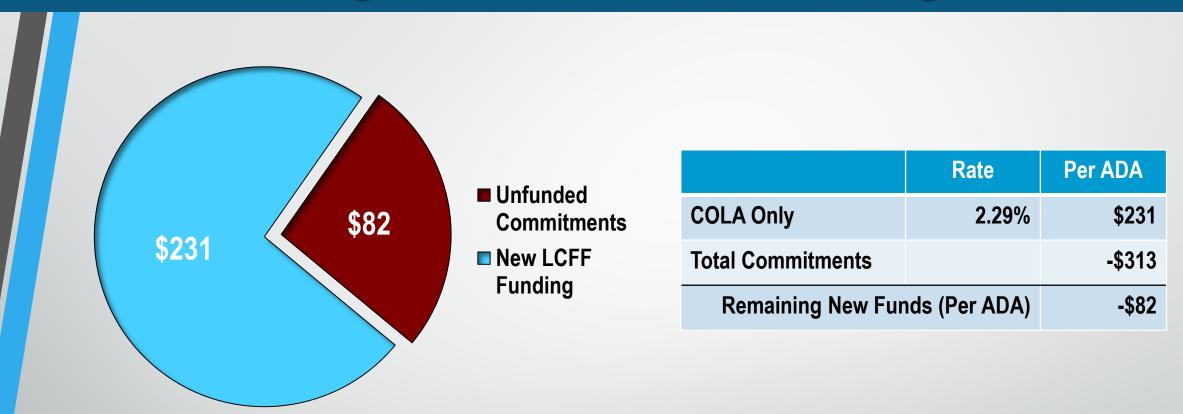
CalSTRS Employer Contribution Rates – Current Law Versus Governor's Proposal



STRS & PERS Projected Increases



2020-21 Funding Commitments for Average District



 For average district, COLA only covers three-quarters of the costs committed to: STRS/PERS increases, Special Education Growth, Step & Column Increases, and Health & Welfare increases

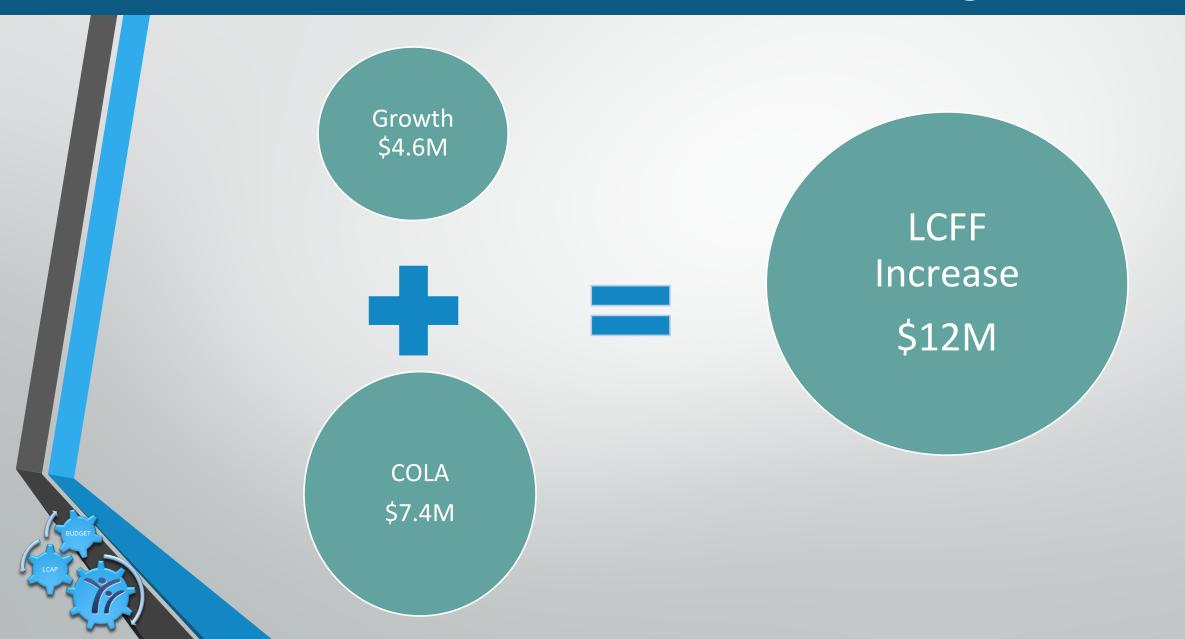
2020-21 State Budget Proposal Highlights

- LCFF Ongoing Funding represents over 94% of unrestricted funding
 - Governor's proposal funds a Cost-of-Living Adjustment (COLA) projected at 2.29%

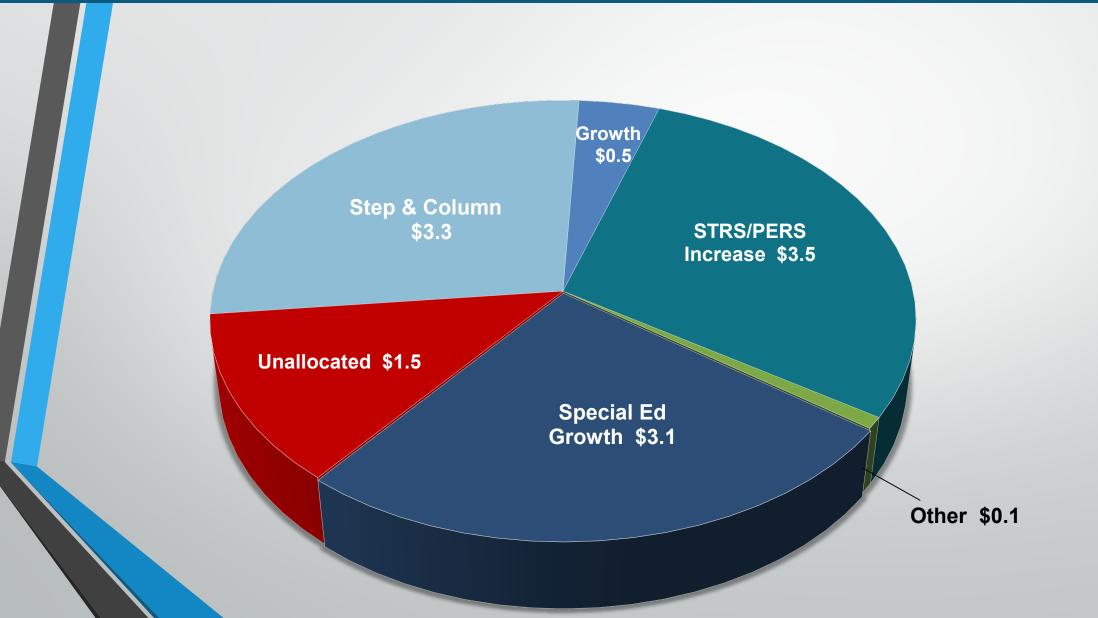


- 30% lower than 2019-20 COLA (\$3.3 million lower....)
- The COLA will be insufficient to maintain ongoing commitments for Districts in declining enrollment or flat enrollment
- Impact of COLA for IUSD is approximately \$7.4 million
- Overall increase in LCFF funding including growth is projected at \$12.0 million
 - Growth is projected to slow considerably in the coming years.....
 - With this level of funding it is going to be very difficult to augment ongoing commitments

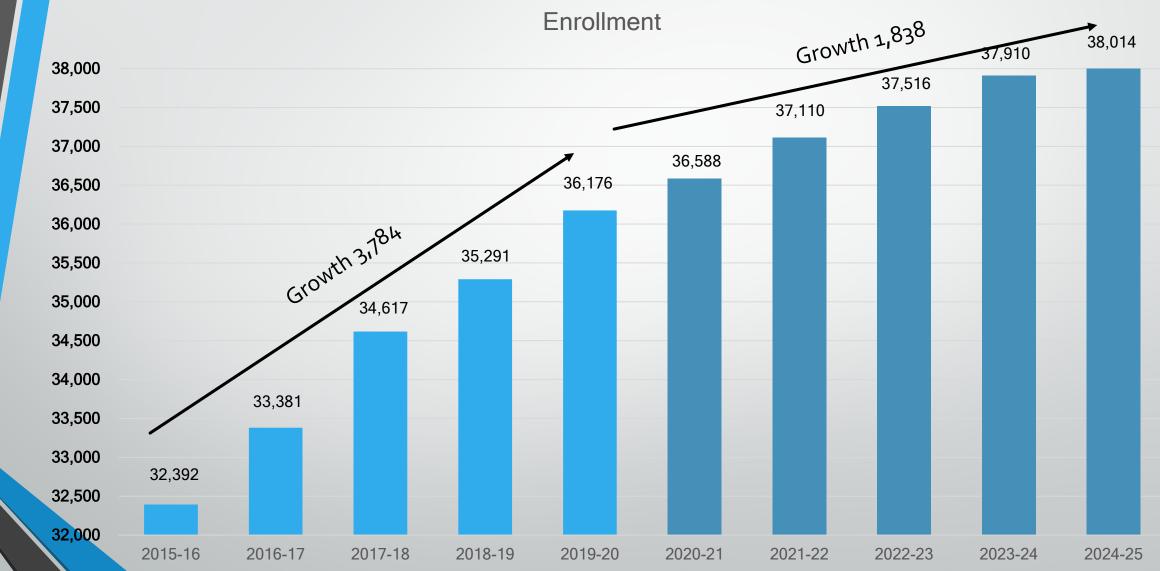
Breakdown of LCFF Funding



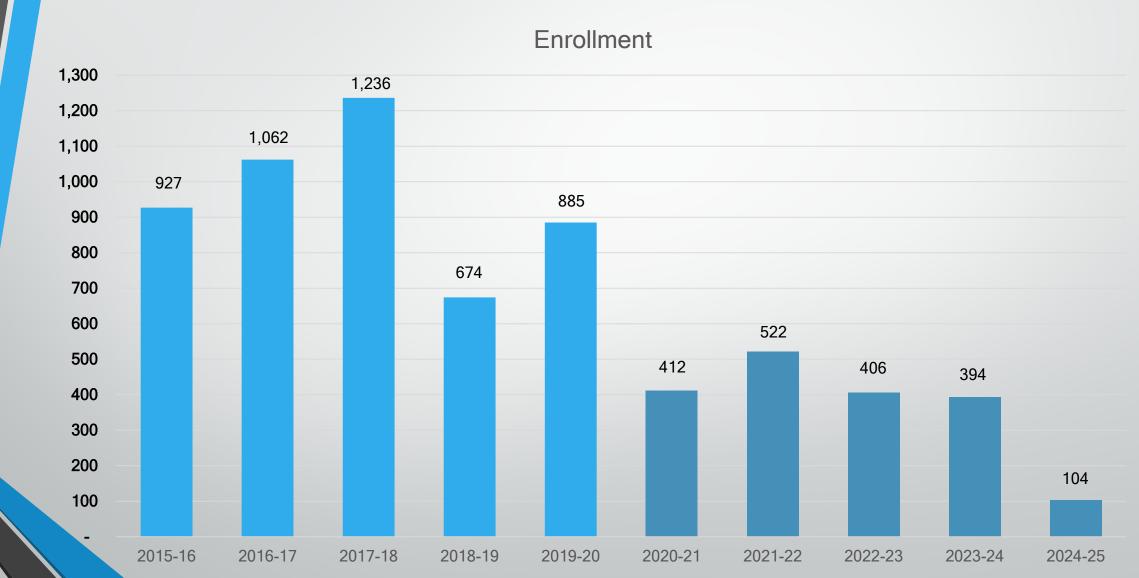
Utilization of Ongoing Funding Allocation of \$12.0 million LCFF Funds



Cumulative Enrollment Growth



Enrollment Growth by Year



Major Components Of The LCFF

Base Grant

per pupil base funding by grade span (K-3, 4-6, 7-8 and 9-12)

CSR & CTE Grade Span Adjustment

Supplemental Grant

English-Learner, low income, and foster students (20% of identified students)

Concentration Grants

50% for districts with disadvantaged populations (at or exceeding 55% of enrollment)

Targeted Instructional Improvement & Home to School Transportation Add-on (2012-13 levels)

LCFF Funding

IUSD LCFF Projected Funding 2020-21

Base Grant	TK-3	4-6	7-8	9-12	Totals
2020-21 Projected ADA	10,816	8,390	5,608	10,715	35,529
Base Grant Per ADA	\$7,878	\$7,997	\$8,234	\$9,543	
Base Grant Funding	\$85,208,448	\$67,094,830	\$46,176,272	\$102,252,389	\$300,731,939
Adjustments (CSR/CTE)	\$819			\$248	
Base Grant Adjustments	\$8,858,304			\$2,657,062	\$11,515,366
Total Base Grant Funding	\$94,066,752	\$67,094,830	\$46,176,272	\$104,909,451	\$312,247,305

IUSD LCFF Projected Funding 2019-20

Supplemental Grant	K-3	4-6	7-8	9-12	Totals
20% of Base Grant and Unduplicated Disadvantaged %	\$569	\$523	\$539	\$641	
Unduplicated Disadvantaged %	32.73%	32.73%	32.73%	32.73%	
Supplemental Grant Funding	\$6,154,304	\$4,387,970	\$3,022,712	\$6,874,723	\$20,439,709
HTS Transportation*					\$1,173,319
Targeted Instructional Improvement Block Grant*					\$1,448,459
Total LCFF Funding	\$100,221,056	\$71,482,800	\$49,198,984	\$111,784,174	\$335,308,792

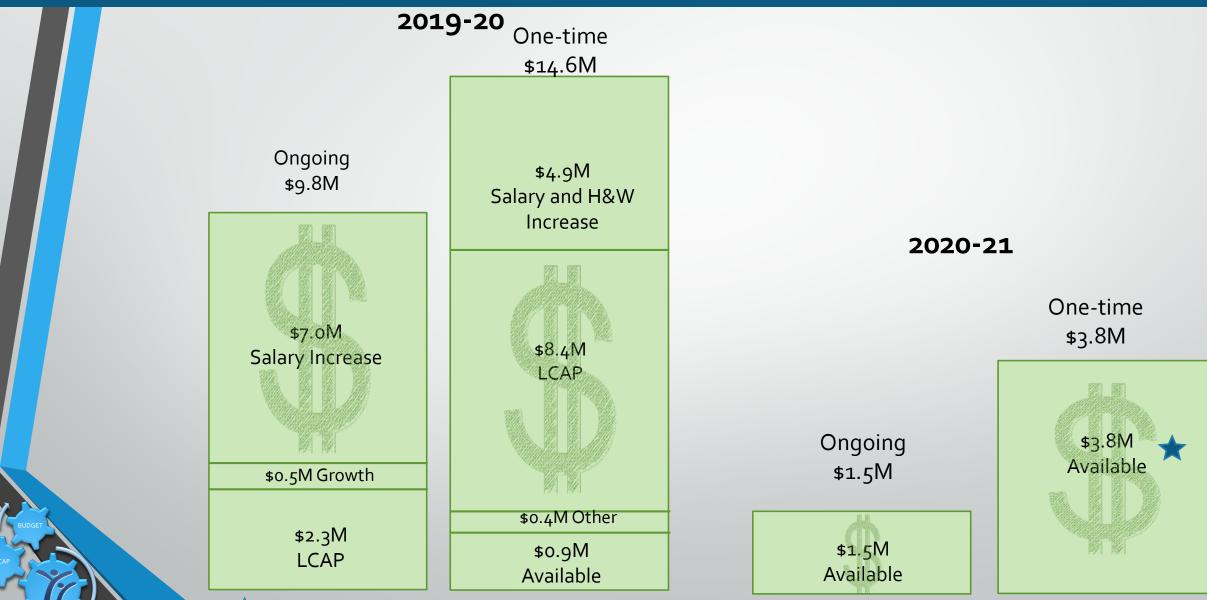
* HTS Transportation and Targeted Instructional Improvement Block Grant funded at 2012-13 levels.

Building 2020-21 LCAP/Budget

- Utilizing input from numerous stakeholders through the LCAP process, IUSD has leveraged use of one-time resources over multiple fiscal years
- Approximately \$8.4 million in "one-time" investments were targeted to drop off at end of 2020
- In recognition, current year resources both on-going and onetime set aside
 - 2019-20 Available:
 - \$9.8 million on-going
 - \$14.6 million one-time



Budget Prioritization Process Starting Point



Unspent 2019-20 On-going funds become one-time funds in 2020-21

Budget Prioritization Focus Areas Con't.

Description	LCAP One-Time	LCAP Ongoing	
<u>Summary by Major Category:</u>			
Goal 1	\$2,321,500	\$395,000	
Goal 2	\$3,457,315	\$1,605,000	
Goal 3	\$2,634,000	\$350,000	
Total LCAP	\$8,412,815	\$2,350,000	
Growth/Other	\$345,000	\$523,580	
Total Allocated	\$8,757,815	\$2,873,580	
Total Available	\$9,647,817	\$2,770,190	
Remainder	\$890,002	(\$103,390)	

2019-20 - 2021-22 Budget Projections (illustration) Unrestricted General Fund Assuming Workload Budget

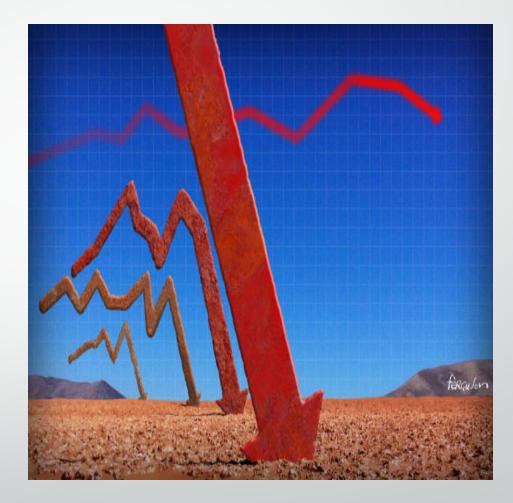
Description	2019-20 Projected	2020-21 Projected	2021-22 Projected
Total Revenues	\$344,218,468	\$353,994,244	\$368,392,311
Total Expenditures	(\$285,815,695)	(\$280,958,071)	(\$288,969,639)
Increase on Ongoing Expenditures (LCAP)		\$2,873,580	\$2,873,580
Utilization of One-Time Resources (LCAP)		\$8,757,815	
Revised Total Expenditures	(\$285,815,695)	(\$292,589,466)	(\$291,843,219)
EXCESS (DEFICIENCY)	\$58,402,773	\$61,404,778	\$76,549,092
Other Sources/Uses	(\$75,302,966)	(\$66,703,097)	(\$69,746,417)
Net Increase/(Decrease)	(\$16,900,193)	(\$5,298,319)	\$6,802,675

2019-20 - 2021-22 Budget Projections (illustration) Unrestricted General Fund Assuming Workload Budget

Description	2019-20 Projected	2020-21 Projected	2021-22 Projected
Beginning Fund Balance	\$46,723,656	\$29,823,463	\$24,525,144
Estimated Ending Fund Balance	\$29,823,463	\$24,525,144	\$31,327,819
<u>Components of Ending Fund Balance:</u>			
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000
State Recommended Minimum Reserve - DEU	\$8,908,000	\$8,289,135	\$8,522,391
Contingency Reserve	\$5,000,000	\$5,000,000	\$5,000,000
Reserved from 2019-20 LCAP	\$600,000	\$3,763,582	\$3,763,582
2019-20 Allocated to LCAP and Growth	\$12,418,007		
2020-21 Budget Unallocated		\$1,500,000	\$3,000,000
Remainder	\$2,547,456	\$5,622,427	\$10,691,846

What If?

- COVID 19 Pandemic will negatively impact State revenues
- There remains uncertainty regarding Proposition 98 Funding
- Definition of Workload Budget uncertain
- Illustrate the impact to the District in 2020-21 of zero COLA – representing an ongoing reduction in revenue of approximately - \$7.4 million
- LCFF Revenue increased by growth only - \$4.6 million



Allocation of \$4.6 Million Growth



2019-20 - 2021-22 Budget Projections (illustration) — <u>ZERO COLA</u> Unrestricted General Fund Assuming Workload Budget

Description	2019-20 Projected	2020-21 Projected	2021-22 Projected
Total Revenues	\$344,218,468	\$346,558,883	\$351,701,235
Total Expenditures	(\$285,815,695)	(\$280,958,071)	(\$287,512,377)
Increase on Ongoing Expenditures (LCAP)		\$2,873,580	\$2,873,580
Utilization of One-Time Resources (LCAP)		\$8,757,815	
Revised Total Expenditures	(\$285,815,695)	(\$292,589,466)	(\$290,385,957)
EXCESS (DEFICIENCY)	\$58,402,773	\$53,969,417	\$61,315,278
Other Sources/Uses	(\$75,302,966)	(\$66,703,097)	(\$69,746,417)
Net Increase/(Decrease)	(\$16,900,193)	(\$12,733,680)	(\$8,431,139)

2019-20 - 2021-22 Budget Projections (illustration) — <u>ZERO COLA</u> Unrestricted General Fund Assuming Workload Budget

Description	2019-20 Projected	2020-21 Projected	2021-22 Projected
Beginning Fund Balance	\$46,723,656	\$29,823,463	\$17,089,783
Estimated Ending Fund Balance	\$29,823,463	\$17,089,783	\$8,658,644
<u>Components of Ending Fund Balance:</u>			
Revolving Cash/Stores	\$350,000	\$350,000	\$350,000
State Recommended Minimum Reserve - DEU	\$8,908,000	\$8,289,135	\$8,522,391
Contingency Reserve	\$5,000,000	\$5,000,000	
Reserved from 2019-20 LCAP	\$600,000	\$3,450,648	
2019-20 Allocated to LCAP and Growth	\$12,418,007		
2020-21 Budget Unallocated			
Remainder	\$2,547,456		(\$213,747)

Uncertainty Ahead.....



Basic Aid District Funding Model



- IUSD is currently a LCFF funded District.
- Current Distribution
 - \$294M Local Property Taxes 88%
 - \$41M State Aid 12%

- Basic Aid Districts receive almost all funding from local property taxes
- Small amount from Categorical 2012-13

Next Steps

• May 2020

• Share Plan with Stakeholder Groups

Continue to review and revise plan based on input

• June 09, 2020

- 2020-21 LCAP Public Hearing
- 2020-21 Budget Public Hearing

June 23, 2020

- o 2020-21 LCAP Adoption
- 2020-21 Budget Adoption

Additional Proposed 2020-21 Safety/Security Investments

Camera (Surveillance) System

- Phase 1 Project (Completed)
 - All Schools/Facilities Online
 - 1,134 Camera Views
 - Phase 1 Investment: \$1,745,916
- Phase 2 Project (Pending)
 - Additional Camera Requests 36 Schools/Facilities
 - 551 <u>New</u> Camera Views
 - Phase 2 (recommended) Investment: \$904,142

Total Camera (Surveillance) System Investment: \$2,650,058 Total Number of Camera Views: 1,685

To be funded out of Fund 40 – Special Reserve for Capital Outlay Projects



Additional Proposed 2020-21 Safety/Security Investments

Access Control (Door) System

- Phase 1 Project (Completed)
 - All Schools Online
 - 1,096 Access Control Doors
 - Phase 1 Investment: \$2,380,013
- Phase 2 Project (Pending)
 - Additional Access Control Requests 15 Schools
 - 63 New Access Control Doors
 - Phase 2 (recommended) Investment: \$198,777

Total Access Control (Door) System Investment: \$2,578,790 Total Number of Access Control Doors: 1,159

To be funded out of Fund 40 – Special Reserve for Capital Outlay Projects



Questions/Discussion

