Irvine Unified School District

LCAP/Budget Study Session
April 28, 2020
Goals/Outcomes

• 2020-21 LCAP Development Process
  o Understanding the goals of the LCAP and the components of the revised LCAP document
  o Review of stakeholder engagement and impact on the draft LCAP

• 2020-21 District Budget
  o Discussion and analysis of Local Control Funding Formula (LCFF)
  o 2019-20 and 2020-21 “Initial” budget financial projections
LCFF & LCAP
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
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

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<tbody>
<tr>
<td>1</td>
<td>• Elementary Resource Counseling Specialists</td>
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<td>2</td>
<td>• Elementary PE Professionals</td>
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<td>3</td>
<td>• Purchase and keep technology updated</td>
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<td>• Secondary Sections</td>
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<td>4</td>
<td>• Special Education Program Supports</td>
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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.
• 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

8 State Priorities

1. Credentials Materials
2. Academic Standards
3. Parental Involvement
4. Pupil Achievement
5. Pupil Engagement
6. School Climate
7. Access and Enrollment
8. Pupil Outcomes
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
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
Aligned with feedback received from stakeholders, IUSD Cabinet presents the following focus areas for the allocation of resources in 2020-21:

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* 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

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<td>Elementary Physical Education and Secondary Athletic Program Support</td>
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<td>2.6.A: Elementary PE Paraprofessionals</td>
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* Additional funding from Educational Partnership Fund (EPF)
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

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<td><strong>Direct Site Support: Resources and Staff:</strong></td>
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<td>(√NEW) 3.2.D: Student Support/Safety MS</td>
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<td>3.7.A: Expanded Program Support</td>
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<td>$400,000</td>
<td>$800,000</td>
<td>$200,000</td>
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**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

Share of General Fund revenues

Changes in per capita personal income + changes in average daily attendance (ADA)

Per capita General Fund revenue growth, plus 0.5% + changes in ADA

2020-21 is projected to be a Test 1 Year
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.
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 **NOT** 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......

- Increased LCFF Targets
- Payments to Reduce CalSTRS and CalPERS Costs
- One-Time Discretionary Grants
Progress Toward LCFF Implementation

- **2018-19 Full LCFF implementation; 100% cumulative gap closure**
- **Projected**
- **Actual**

- COLA Only

- 2013-14: 12.50%
- 2014-15: 38.55%
- 2015-16: 70.63%
- 2016-17: 86.74%
- 2017-18: 92.70%
- 2018-19: 100.00%
- 2019-20: 100.00%
- 2020-21: 100.00%
STRS & PERS Projected Increases

STRS and PERS Percentage Change from 2011-12 to 2022-23

$32.0M

$52.0M
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.
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

- Growth: $4.6M
- COLA: $7.4M

LCFF Increase: $12M
Utilization of Ongoing Funding
Allocation of $12.0 million LCFF Funds

- STRS/PERS Increase $3.5
- Special Ed Growth $3.1
- Unallocated $1.5
- Step & Column $3.3
- Other $0.1
- Growth $0.5

Total: $12.0 million
Cumulative Enrollment Growth

Enrollment

Growth 3,784

Growth 1,838

32,000 32,500 33,000 33,500 34,000 34,500 35,000 35,500 36,000 36,500 37,000 37,500 38,000


32,392 33,381 34,617 35,291 36,176 36,588 37,110 37,516 37,910 38,014
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

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<td>2020-21 Projected ADA</td>
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## IUSD LCFF Projected Funding 2019-20

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<td>20% of Base Grant and Unduplicated Disadvantaged %</td>
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<td>$523</td>
<td>$539</td>
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<td>Unduplicated Disadvantaged %</td>
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<td>32.73%</td>
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<th>HTS Transportation*</th>
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<td>Targeted Instructional Improvement Block Grant*</td>
<td>$1,448,459</td>
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| 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 one-time set aside
  - 2019-20 Available:
    - $9.8 million on-going
    - $14.6 million one-time
Budget Prioritization Process Starting Point

2019-20

One-time
$14.6M

Ongoing
$9.8M

$7.0M Salary Increase

$2.3M LCAP

$0.5M Growth

2020-21

One-time
$3.8M

Ongoing
$1.5M

$8.4M LCAP

$1.5M Available

$0.9M Available

$0.4M Other

Unspent 2019-20 On-going funds become one-time funds in 2020-21
### Summary by Major Category:

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<th>Description</th>
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<th>LCAP Ongoing</th>
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<td>Goal 2</td>
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</tr>
<tr>
<td>Growth/Other</td>
<td>$345,000</td>
<td>$523,580</td>
</tr>
<tr>
<td>Total Allocated</td>
<td>$8,757,815</td>
<td>$2,873,580</td>
</tr>
<tr>
<td>Total Available</td>
<td>$9,647,817</td>
<td>$2,770,190</td>
</tr>
<tr>
<td><strong>Remainder</strong></td>
<td><strong>$890,002</strong></td>
<td><strong>($103,390)</strong></td>
</tr>
</tbody>
</table>
### 2019-20 - 2021-22 Budget Projections (illustration)
Unrestricted General Fund
Assuming Workload Budget

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

Projections based on 2019-20 Second Interim (including all salary increases) and Governor’s 2020-21 January Budget Proposal.
### 2019-20 - 2021-22 Budget Projections (illustration)
Unrestricted General Fund
Assuming Workload Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20 Projected</th>
<th>2020-21 Projected</th>
<th>2021-22 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$46,723,656</td>
<td>$29,823,463</td>
<td>$24,525,144</td>
</tr>
<tr>
<td><strong>Estimated Ending Fund Balance</strong></td>
<td>$29,823,463</td>
<td>$24,525,144</td>
<td>$31,327,819</td>
</tr>
<tr>
<td><strong>Components of Ending Fund Balance:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving Cash/Stores</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>State Recommended Minimum Reserve - DEU</td>
<td>$8,908,000</td>
<td>$8,289,135</td>
<td>$8,522,391</td>
</tr>
<tr>
<td>Contingency Reserve</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Reserved from 2019-20 LCAP</td>
<td>$600,000</td>
<td>$3,763,582</td>
<td>$3,763,582</td>
</tr>
<tr>
<td>2019-20 Allocated to LCAP and Growth</td>
<td>$12,418,007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-21 Budget Unallocated</td>
<td>$1,500,000</td>
<td>$3,000,000</td>
<td></td>
</tr>
<tr>
<td>Remainder</td>
<td>$2,547,456</td>
<td>$5,622,427</td>
<td>$10,691,846</td>
</tr>
</tbody>
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Projections based on 2019-20 Second Interim (including all salary increases) and Governor’s 2020-21 January Budget Proposal.
• 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 (Assumes No COLA)

Committed Expenditures
$10.5M

- Special Ed Growth: $3.1 M
- Step & Column: $3.3 M
- STRS/PERS: $3.5 M

Other $0.1
Growth $0.5
Shortfall $5.9M
# 2019-20 - 2021-22 Budget Projections (illustration) – **ZERO COLA**
Unrestricted General Fund
Assuming Workload Budget

<table>
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<tr>
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<tbody>
<tr>
<td>Total Revenues</td>
<td>$344,218,468</td>
<td>$346,558,883</td>
<td>$351,701,235</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>($285,815,695)</td>
<td>($280,958,071)</td>
<td>($287,512,377)</td>
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<tr>
<td>Increase on Ongoing Expenditures (LCAP)</td>
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<td>$61,315,278</td>
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<td>Other Sources/Uses</td>
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<td>($66,703,097)</td>
<td>($69,746,417)</td>
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<tr>
<td>Net Increase/(Decrease)</td>
<td>($16,900,193)</td>
<td>($12,733,680)</td>
<td>($8,431,139)</td>
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Projections based on 2019-20 Second Interim (including all salary increases) and Governor’s 2020-21 January Budget Proposal.
### 2019-20 - 2021-22 Budget Projections (illustration) – **ZERO COLA**

Unrestricted General Fund
Assuming Workload Budget

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<tr>
<td>Beginning Fund Balance</td>
<td>$46,723,656</td>
<td>$29,823,463</td>
<td>$17,089,783</td>
</tr>
<tr>
<td><strong>Estimated Ending Fund Balance</strong></td>
<td>$29,823,463</td>
<td>$17,089,783</td>
<td>$8,658,644</td>
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<td><strong>Components of Ending Fund Balance:</strong></td>
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<td></td>
<td></td>
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<td>Contingency Reserve</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>Reserved from 2019-20 LCAP</td>
<td>$600,000</td>
<td>$3,450,648</td>
<td></td>
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<td>2019-20 Allocated to LCAP and Growth</td>
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<td></td>
<td></td>
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<td>2020-21 Budget Unallocated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remainder</td>
<td>$2,547,456</td>
<td></td>
<td>($213,747)</td>
</tr>
</tbody>
</table>

Projections based on 2019-20 Second Interim (including all salary increases) and Governor’s 2020-21 January Budget Proposal.
Uncertainty Ahead......
IUSD is currently a LCFF funded District.

Current Distribution

- $294M – Local Property Taxes – 88%
- $41M – State Aid – 12%

Basic Aid District Funding Model

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

• **May 2020**
  o Share Plan with Stakeholder Groups
  o Continue to review and revise plan based on input

• **June 09, 2020**
  o 2020-21 LCAP Public Hearing
  o 2020-21 Budget Public Hearing

• **June 23, 2020**
  o 2020-21 LCAP Adoption
  o 2020-21 Budget Adoption
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 New 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
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