



Irvine Unified School District

Second Interim Report

Presented by John Fogarty

March 16, 2021





Second Interim Budget Report

- ▶ The Second Interim Report represents the District's second official revision to the Final Adopted Budget and includes actual financial data through January 31, 2021, with revised projections for the remainder of the fiscal year
- ▶ Each school district is required to certify its financial condition twice during the fiscal year. This certification addresses the District's ability to meet its financial obligations for the current and two subsequent fiscal years
- ▶ The release of the Governor's Annual State Budget in January provides the basis for the initial budget development for the upcoming year and is used to update the Multiyear Projections
- ▶ Budget assumptions are developed with guidance from: the Orange County Department of Education; California Department of Education; School Services of California; California Association of School Business Officials; and a number of other sources



State Economy

- The 2020-21 State Budget assumed a reduction in State Revenues of approximately \$41.2 billion
- The 2020-21 State Budget also assumed an increase in safety net services which, along with the reduction in revenues, forecast a \$54 billion shortfall
- With 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





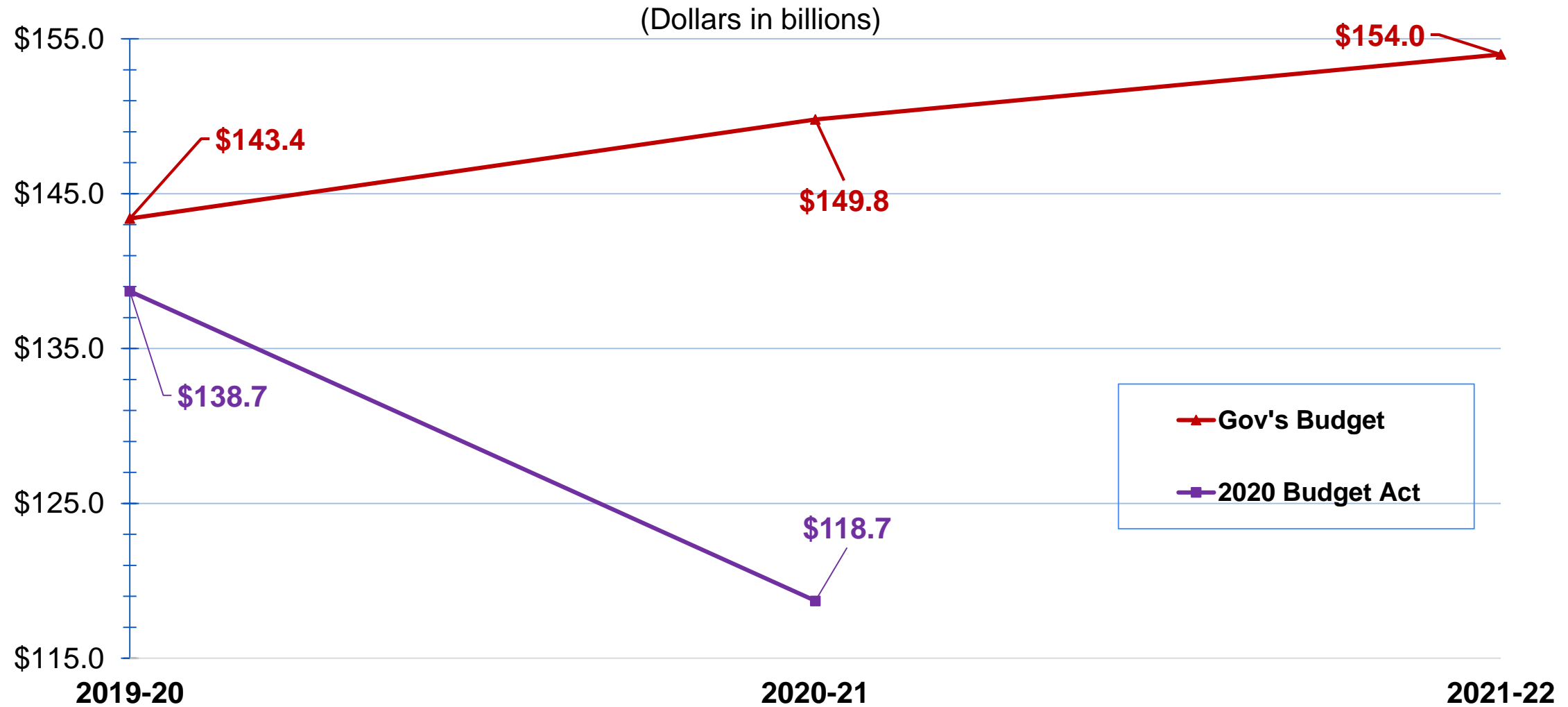
State Economy

- Virtually all of the 2020-21 State Budget assumptions were far too pessimistic
- Current year state revenues have experienced a dramatic and unanticipated resurgence exceeding projections by roughly \$38 billion
- The projected need for safety net services has not occurred
- To date revenues continue to exceed expectations
- Essentially all of the cuts to Proposition 98 in the current year are restored in the Governor's 2021-22 budget proposal with some additional growth.....



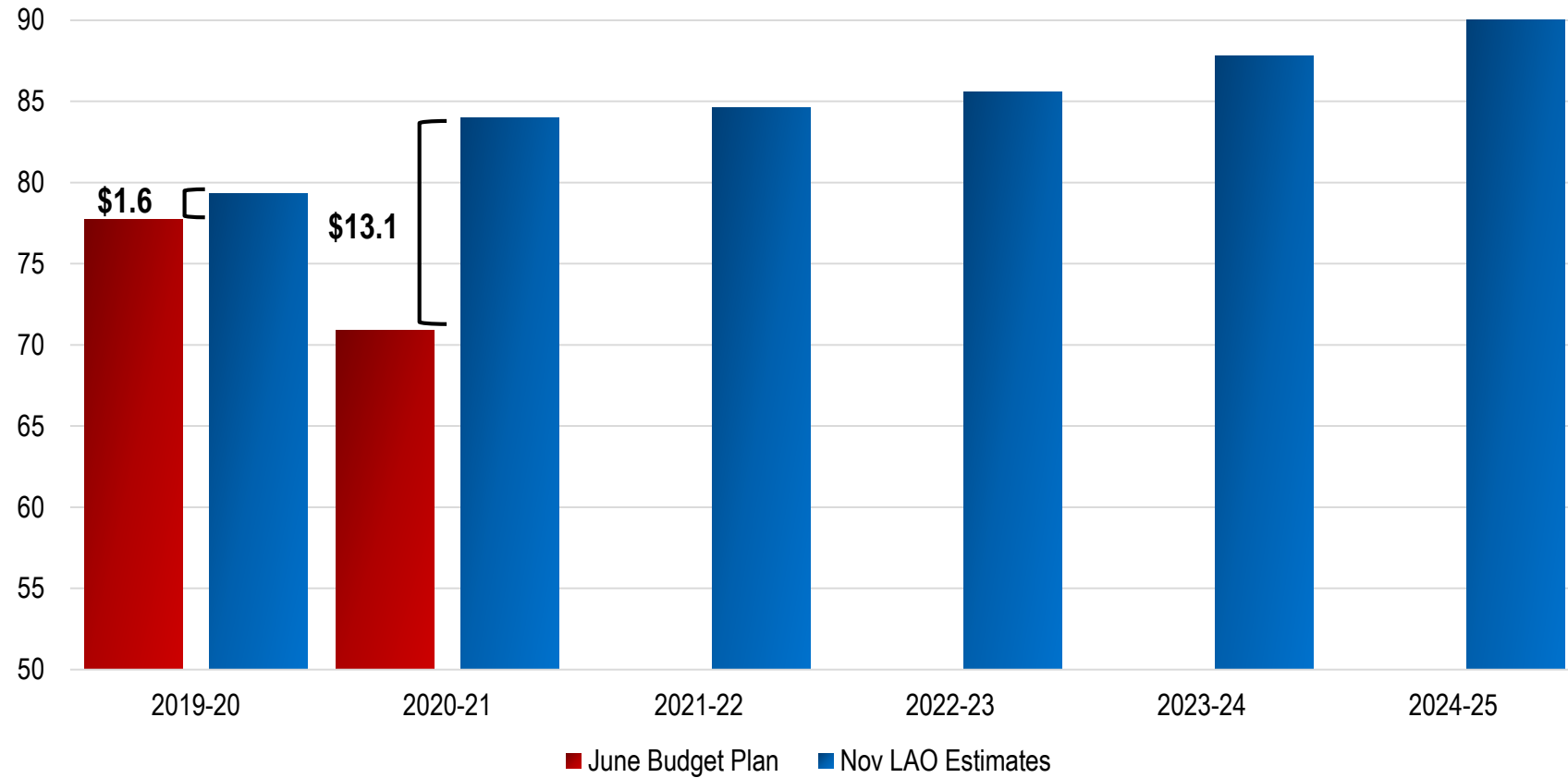


State General Fund Revenues





Prop 98 Funding



Source: LAO The 2021-22 Budget: California's Fiscal Outlook



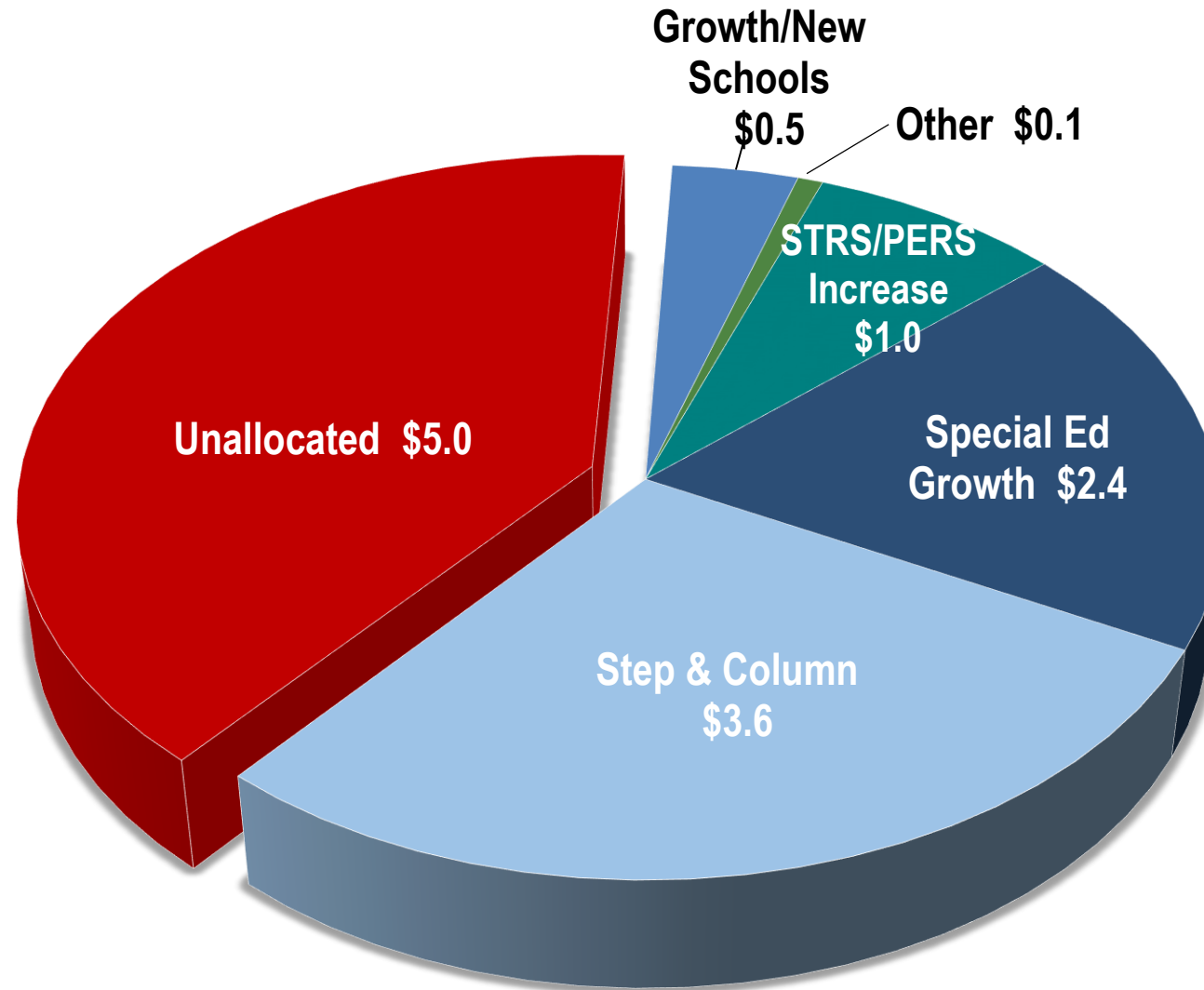
2021-22 Governor's January Proposal Highlights

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



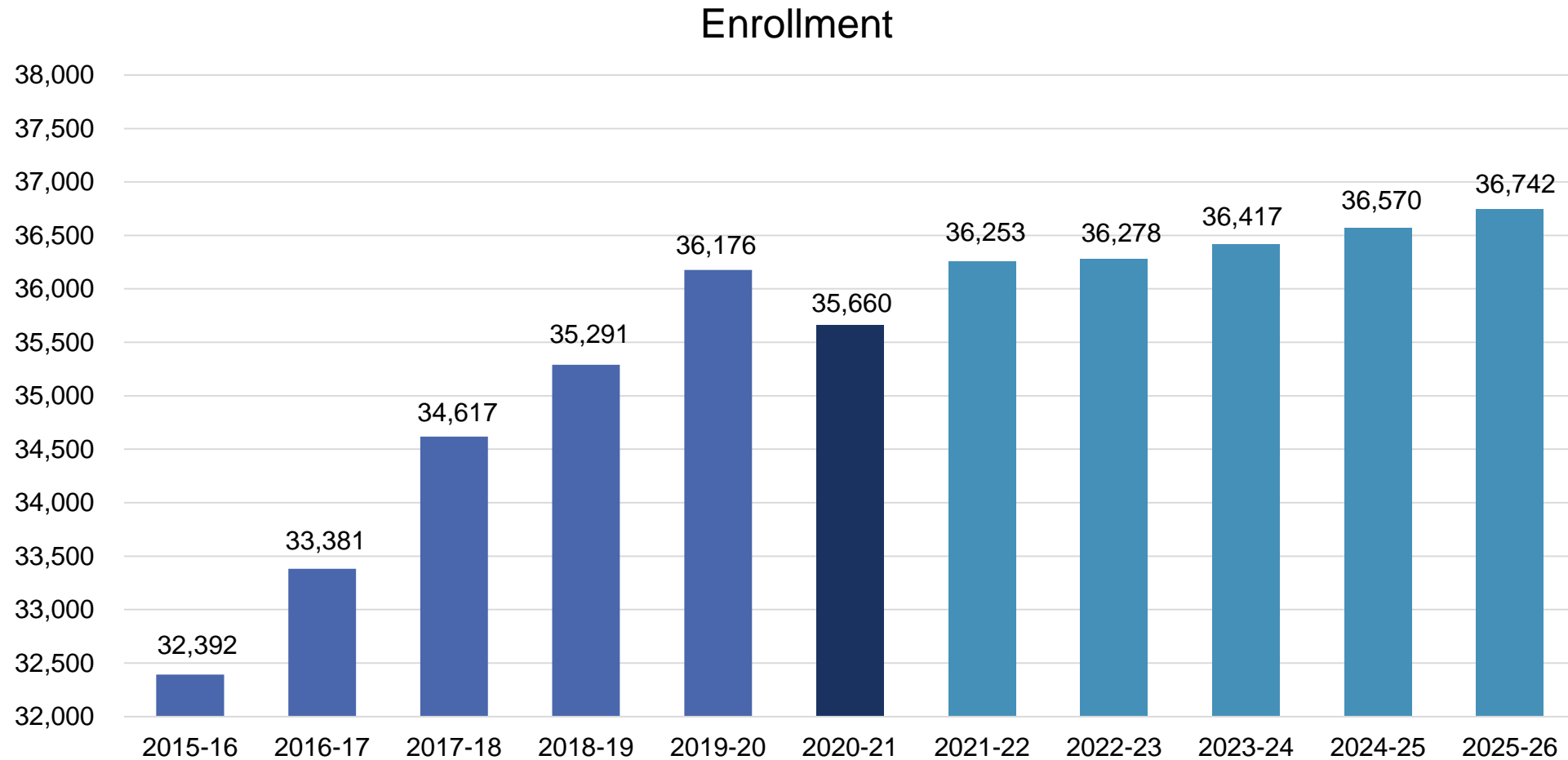


Utilization of \$12.6 Million Ongoing Funding (dollars in millions)



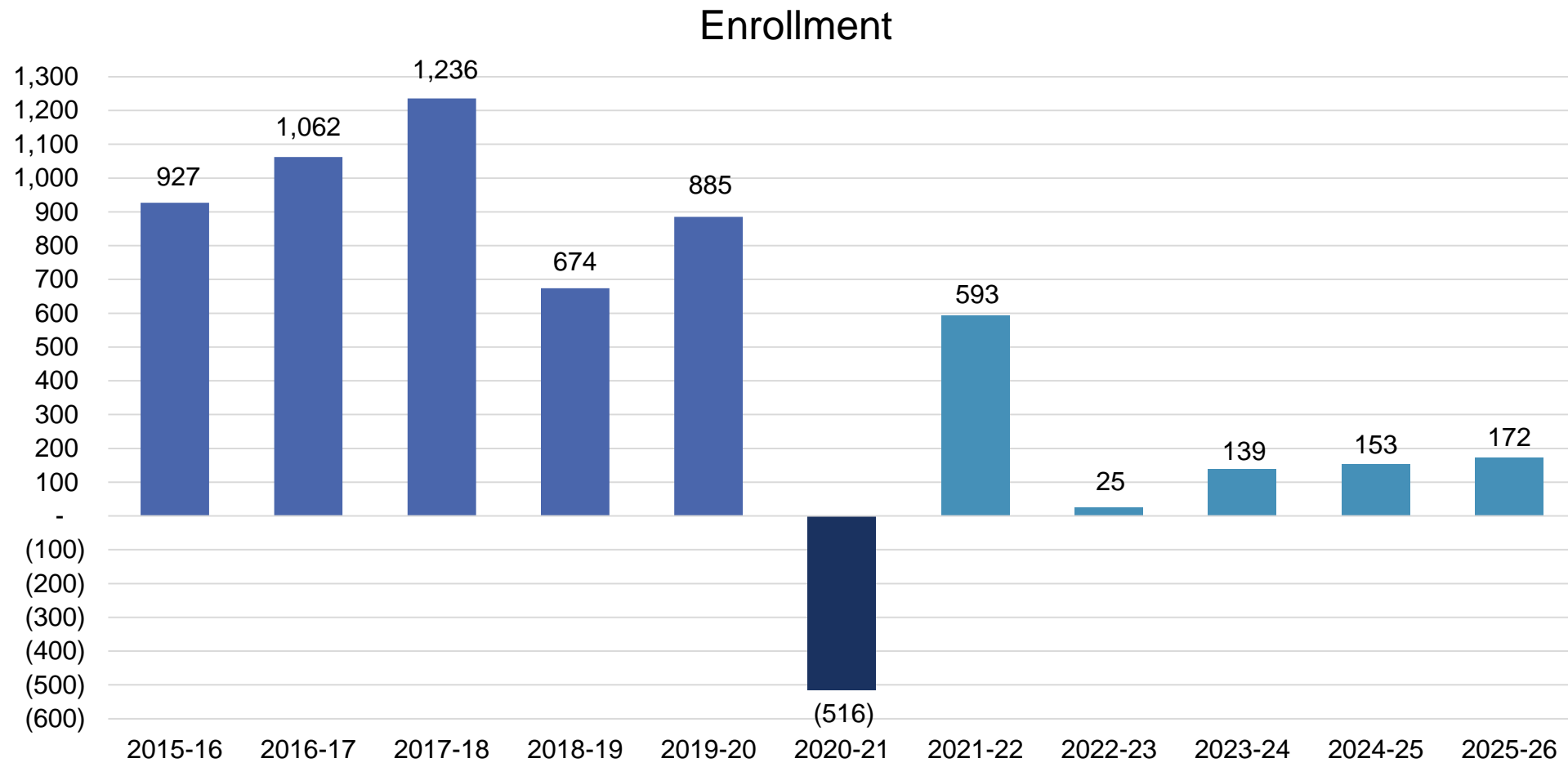


Cumulative Enrollment Growth





Enrollment by Year





2021-22 Governor's January Proposal Highlights

- The Governor's 2021-22 January Budget proposal includes a return of 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
 - Funds must be spent by August 31, 2022
 - Anticipated funding for IUSD
 - In-Person Instruction Grants - \$10.6 million
 - Expanded Learning Grants - \$22.5 million





2021-22 Governor's January Proposal Highlights

- Allowable uses of In-Person Grant Funds are fairly broad and include
 - Purchase Personal Protective Equipment (PPE)
 - Improving ventilation and the safety of indoor or 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





2021-22 Governor's January Proposal Highlights

- Allowable uses of Expanded Learning Grants: Focus on Learning Loss.....
 - Extending school year; increasing instructional minutes/days
 - Expanded summer school or intersessional instructional programs
 - 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/after school programs
 - Community learning hubs that provide access to technology
 - 10% shall be used to hire paraprofessionals
- **LEAs must develop an expenditure plan prior to June 1, 2021.....**





Federal Stimulus Funding

- At the end of December, Congress passed another round of federal stimulus - \$900 Billion – Response and Relief Act
- \$54 Billion allocated to Education with California receiving approximately \$6.8 billion
 - Elementary and Secondary School Emergency Relief (ESSER) II Fund
- IUSD forecast to receive approximately \$8.2 million
- Funds must be spent by September 2023





Federal Stimulus Funding

- Allowable uses include:
 - Personal Protective Equipment (PPE)
 - Educational technology – hardware, software, connectivity
 - Mental health services and supports
 - Summer learning, after school programs
 - Nutrition Services
 - Unique activities to target support of disadvantaged students





Federal Stimulus Funding

- \$1.9 Trillion American Rescue Plan provides \$128.5 billion for K-12 education
- California's share is estimated at approximately \$17.5 billion
- IUSD forecast to receive approximately \$18.2 million
- Funds must be spent by September 2023





Federal Stimulus Funding

- Allowable uses include:
- 20% must be used to address learning loss through the implementation of:
 - Evidence-based interventions
 - Summer school
 - Extended instructional time
 - Afterschool programs
- Programs need to recognize disproportionate impact on:
 - Each major racial and ethnic group
 - Foster youths, English language learners, those qualifying for Free and Reduced Meals, homelessness
 - Children with disabilities
 - Migrant students
- 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





2020-21 Second Interim Assumptions

	2020-21 Projected	2021-22 Projected	2022-23 Projected
ADA	35,088	35,151	35,176
LCFF Funding per student	\$9,210	\$9,563	\$9,676
Property Tax Increases	3%	3%	3%
Salary Increases (On-going) *	TBD	TBD	TBD
Salary Increases (One-time) *	TBD	TBD	TBD
Step & Column Increases	2%	2%	2%
Health Insurance Contributions *	\$11,015	\$11,015	\$11,015
Utility Increases	4%	4%	4%
District Reserve Level	2%	2%	2%
Contingency Reserve	\$5 Million	\$5 Million	\$5 Million

* Includes ITA, Supervisors and Management



2020-21 Second Interim Financial Comparison

General Fund Unrestricted Balance

Description	2020-21 1 st Interim	2020-21 2 nd Interim	Variance
Total Revenues	\$341,308,811	\$340,728,237	(\$580,574)
Total Expenditures	(\$282,815,924)	(\$279,995,350)	\$2,820,574
EXCESS (DEFICIENCY)	\$58,492,887	\$60,732,887	\$2,240,000
Total Other Sources/Uses	(\$68,576,729)	(\$82,600,121)	(\$14,023,392)
NET INCREASE (DECREASE)	(\$10,083,842)	(\$21,867,234)	(\$11,783,392)
Beginning Balance, July 1	\$53,455,196	\$53,455,196	-----
Ending Balance, June 30	<u>\$43,371,354</u>	<u>\$31,587,962</u>	<u>(\$11,783,392)</u>



2020-21 Second Interim Financial Comparison

Components of Unrestricted Ending Fund Balance

Description	2020-21 1 st Interim	2020-21 2 nd Interim	Variance
Ending Fund Balance	\$43,371,354	\$31,587,962	(\$11,783,392)
Revolving Cash/Stores	\$350,000	\$350,000	-----
State Required Reserve	\$9,197,000	\$9,346,000	\$149,000
Reserve for H&W Shortfall	\$2,000,000		(\$2,000,000)
<u>Contingency Reserve Breakdown</u>	\$31,824,354		
Contingency Reserve:	\$5,000,000	\$5,000,000	
2020-21 Unallocated LCAP	\$3,760,061	\$3,760,061	
Reserved for 2021-22 LCAP	\$8,858,984	\$8,858,984	
Workers Comp Allocation	\$5,000,000		(\$5,000,000)
Textbook Reserve and Allocation	\$7,900,000		(\$7,900,000)
Remainder	\$1,305,309	\$4,272,917	\$2,967,608



Unrestricted General Fund Financial Outlook

Description	2020-21 Projected	2021-22 Projected	2022-23 Projected
Total Revenues	\$340,728,237	\$354,451,936	\$359,083,276
Total Expenditures	(\$279,995,350)	(\$276,020,211)	(\$285,372,934)
EXCESS (DEFICIENCY)	\$60,732,887	\$78,431,725	\$73,710,342
Total Other Sources/Uses	(\$82,600,121)	(\$67,115,350)	(\$70,403,782)
NET INCREASE (DECREASE)	(\$21,867,234)	\$11,316,375	\$3,306,560
Beginning Balance, July 1	\$53,455,196	\$31,587,962	\$42,904,337
Ending Balance, June 30	<u>\$31,587,962</u>	<u>\$42,904,337</u>	<u>\$46,210,897</u>



Certification Definition

Positive = A school district that, based on current projections, will be able to meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Qualified = A school district that, based on current projections, may not meet its financial obligations for the current fiscal year or subsequent fiscal year.

Negative = A school district that, based on current projections, will be unable to meet its financial obligations for the current fiscal year or for subsequent two fiscal years.

Positive certification is recommended



Questions

