



Irvine Unified School District

Second Interim Report

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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, 2020, 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



Governor's 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.....
- ▶ 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**

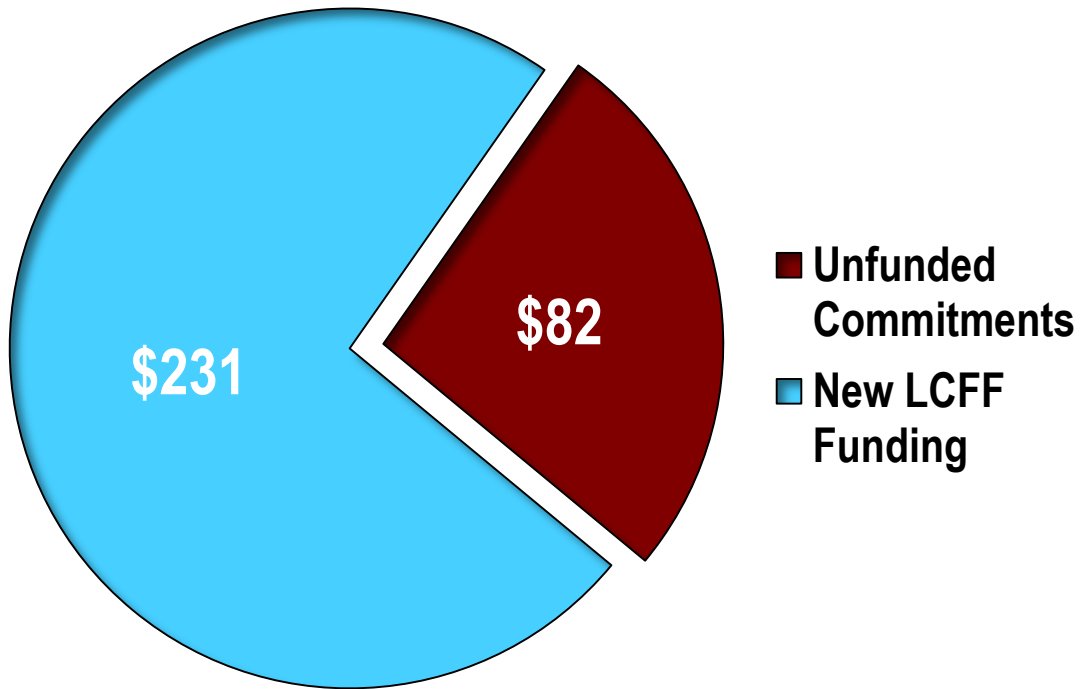


Governor's 2020-21 State Budget Proposal Highlights

- 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



2020-21 Funding Commitments for Average District



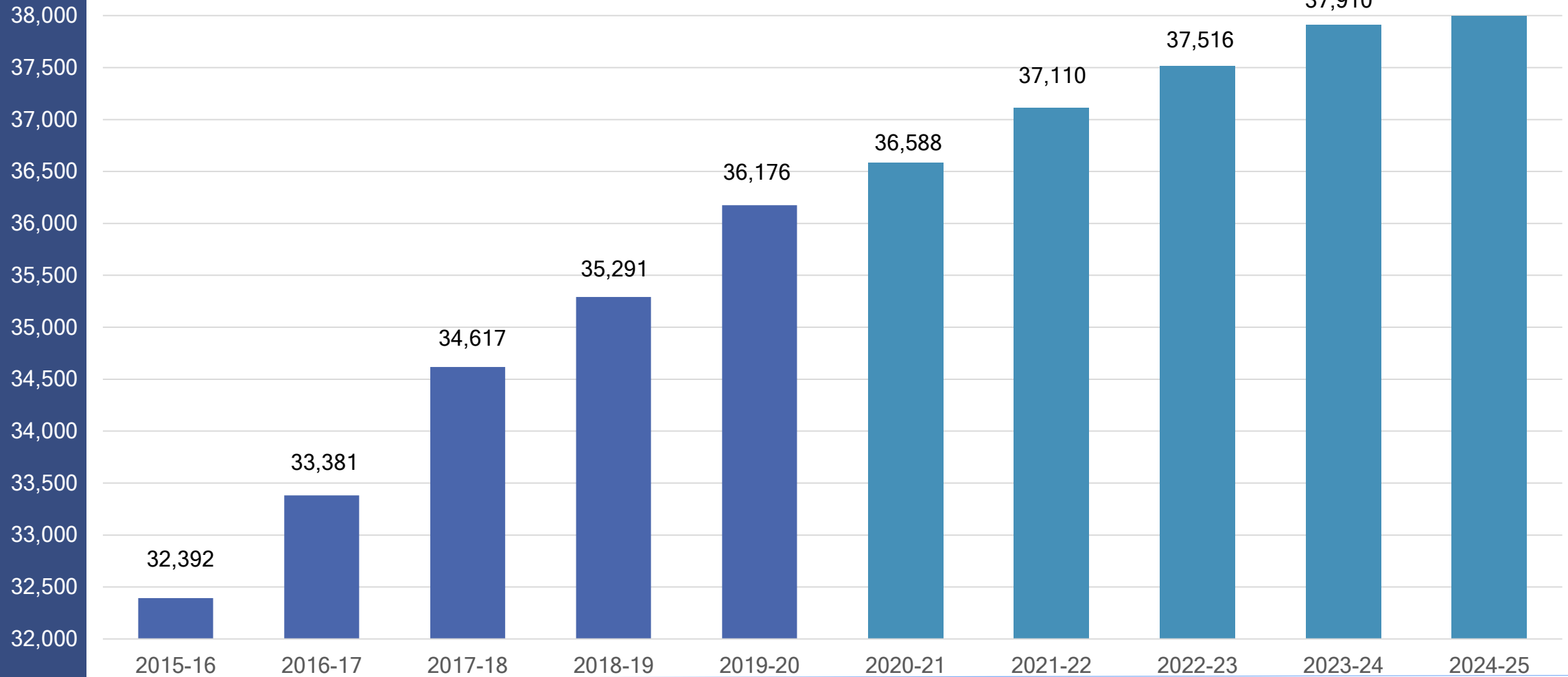
	Rate	Per ADA
COLA Only	2.29%	\$231
Total Commitments		-\$313
Remaining New Funds		-\$82

- 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



Cumulative Enrollment Growth

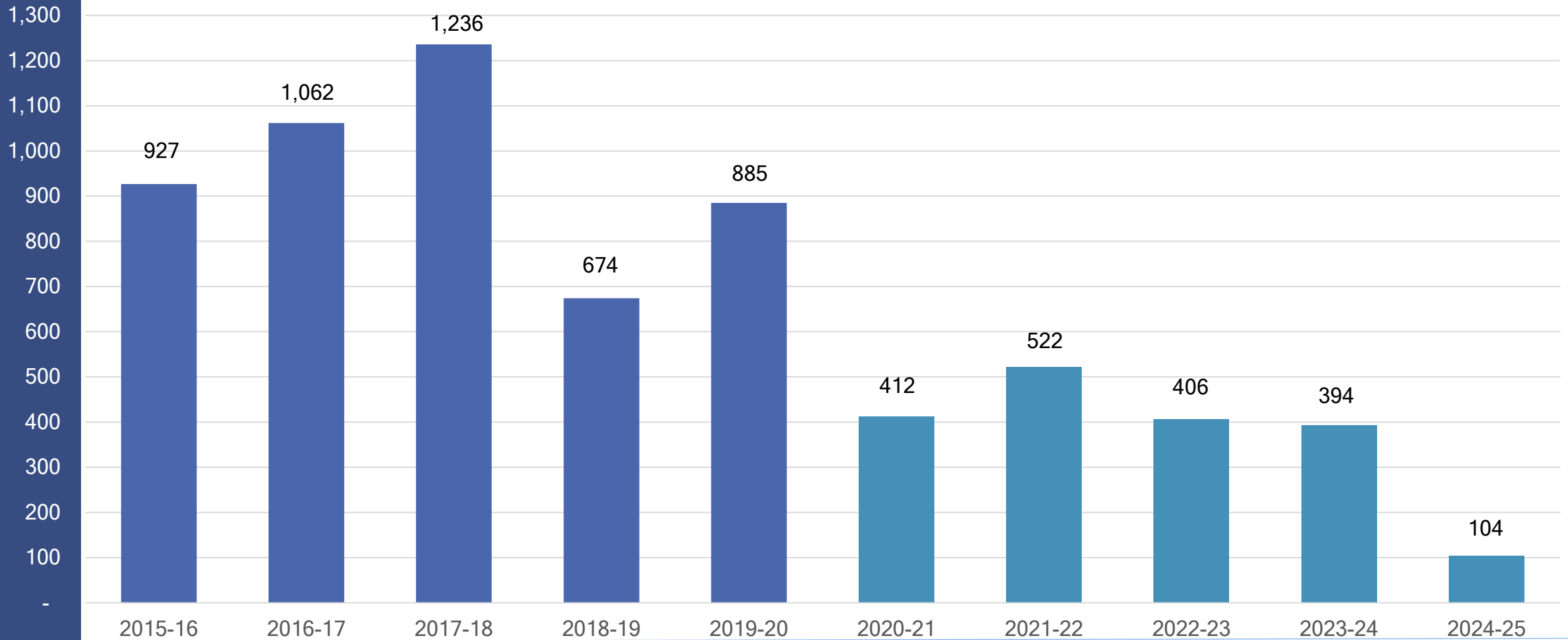
Enrollment





Enrollment Growth by Year

Enrollment



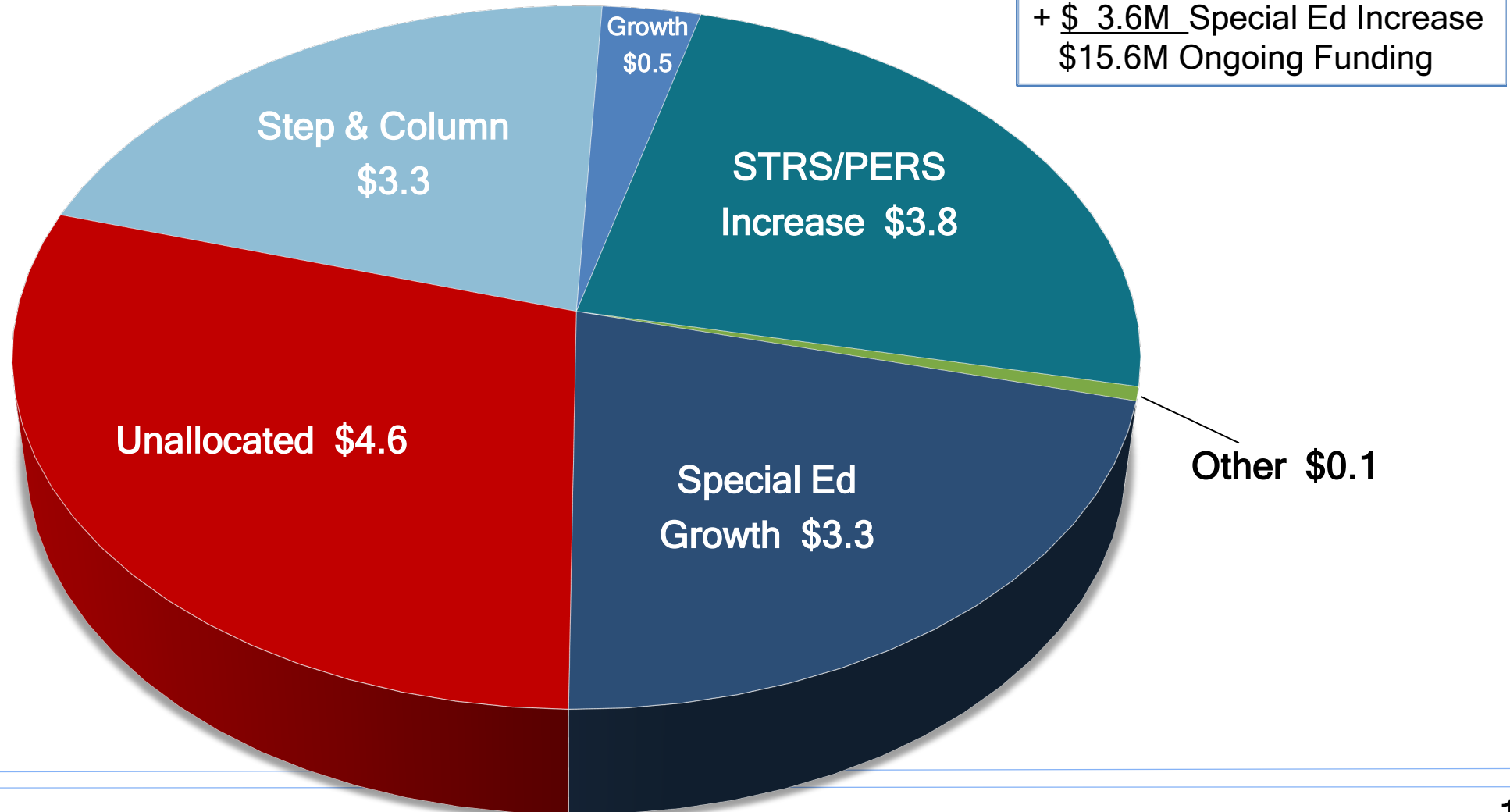


Breakdown of LCFF Funding





IUSD 2020-21 Utilization of \$15.6m ongoing funding





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





2019-20 Second Interim Assumptions

	2019-20 Projected	2020-21 Projected	2021-22 Projected
ADA	35,043	35,529	36,035
LCFF Funding per student	\$9,225	\$9,438	\$9,693
Property Tax Increases	6%	6%	6%
Salary Increases (On-going) *	1.7%		
Salary Increases (One-time) *	1%		
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



2019-20 Second Interim Financial Comparison

General Fund Unrestricted Balance

Description	2019-20 1 st Interim	2019-20 2 nd Interim	Variance
Total Revenues	\$344,677,177	\$344,218,468	(\$458,709)
Total Expenditures	(\$278,847,246)	(\$282,700,596)	(\$3,853,350)
EXCESS (DEFICIENCY)	\$65,829,931	\$61,517,872	(\$4,312,059)
Total Other Sources/Uses	(70,334,951)	(\$75,302,966)	(\$4,968,015)
NET INCREASE (DECREASE)	(\$4,505,020)	(\$13,785,094)	(\$9,280,074)
Beginning Balance, July 1	\$46,723,656	\$46,723,656	-----
Ending Balance, June 30	<u>\$42,218,636</u>	<u>\$32,938,562</u>	<u>(\$9,280,074)</u>



2019-20 Second Interim Financial Comparison

Components of Unrestricted Ending Fund Balance

Description	2019-20 1 st Interim	2019-20 2 nd Interim	Variance
Ending Fund Balance	<u>\$42,218,636</u>	<u>\$32,938,562</u>	<u>(\$9,280,074)</u>
Revolving Cash/Stores	\$350,000	\$350,000	-----
State Required Reserve	\$8,644,000	\$8,908,000	\$264,000
Contingency Reserve	\$5,000,000	\$5,000,000	-----
Reserved from 2019-20 LCAP	\$600,000	\$600,000	-----
19-20 Budget Unallocated	\$24,418,166	\$15,533,106*	(\$8,885,060)
Other Assigned	\$3,206,470	\$2,547,456	(\$659,013)

* \$4.6 million in on-going and \$10.9 million in one-time



Unrestricted General Fund Financial Outlook

Description	2019-20 Projected	2020-21 Projected	2021-22 Projected
Total Revenues	\$344,218,468	\$353,994,244	\$368,392,311
Total Expenditures	(\$282,700,596)	(\$279,131,979)	(\$287,143,547)
EXCESS (DEFICIENCY)	\$61,517,872	\$74,862,265	\$81,248,764
Total Other Sources/Uses	(\$75,302,966)	(\$66,703,097)	(\$69,746,417)
NET INCREASE (DECREASE)	(\$13,785,094)	\$8,159,168	\$11,502,347
Beginning Balance, July 1	\$46,723,656	\$32,938,562	\$41,097,730
Ending Balance, June 30	<u>\$32,938,562</u>	<u>\$41,097,730</u>	<u>\$52,600,077</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

