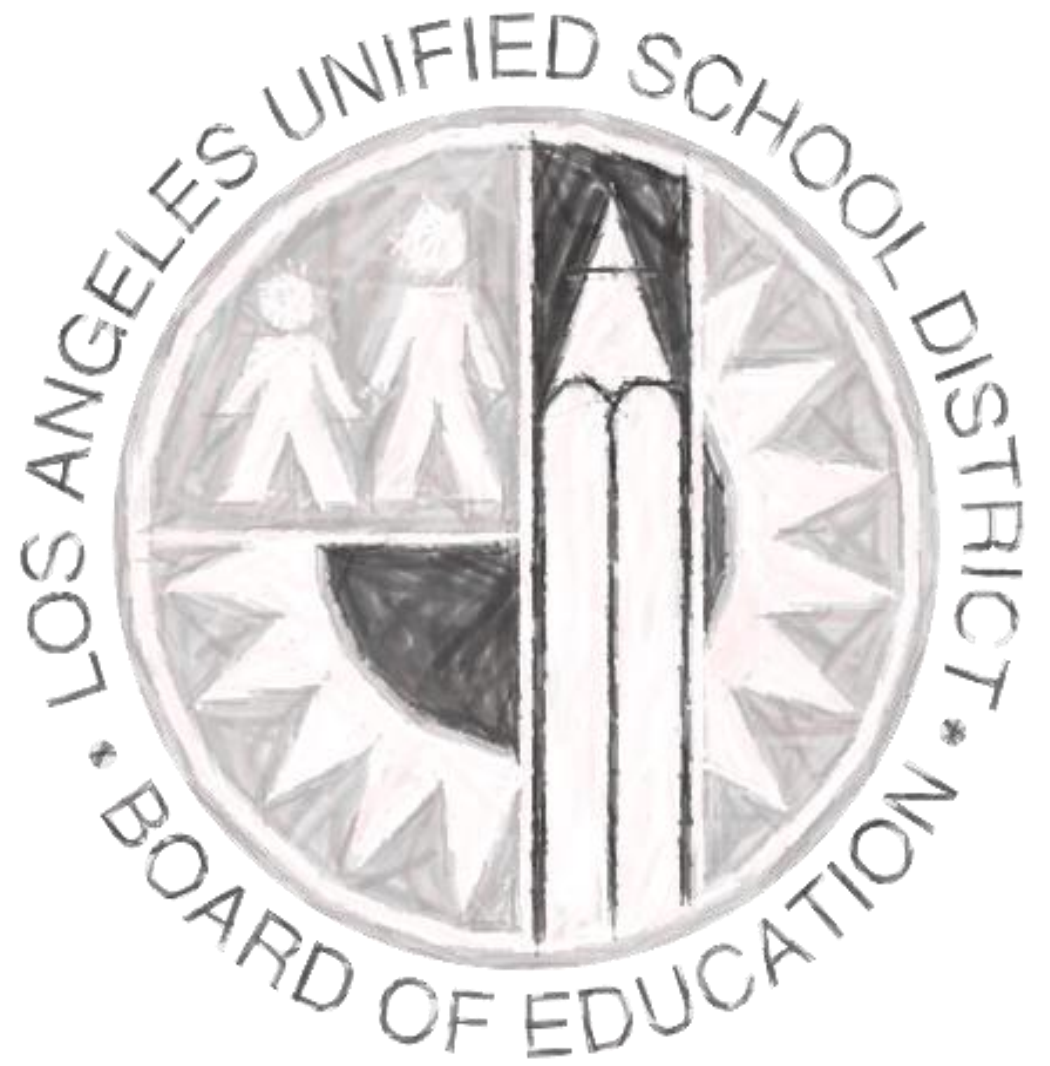




PROPOSED
BUDGET
2020-21





Latest Updates



Second Interim Recap and COVID-19 Impact



What's in the Budget?



What's Next?



Annual SELPA Budget and Service Plan



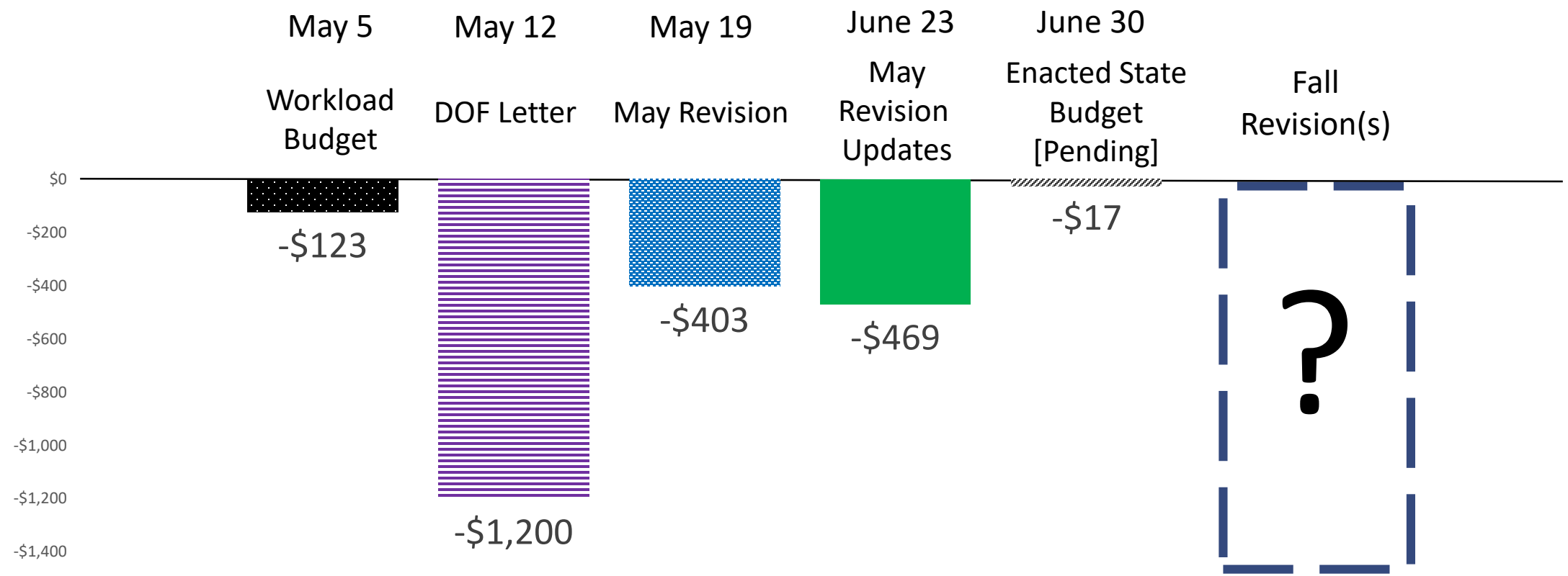
Takeaways from State Budget Deal

- No new money, but a political compromise
- No COLA, but no programmatic reductions either
- Increased cash deferrals
- One-time funding for learning loss mitigation and school reopening
- We'll be back in 45 days with District budget updates

Changing State of the State's Budget

Impacts Upon LA Unified FY 2020-21 *

Changes Relative to Second Interim Projection at Certain Points in Time



* Excludes one-time state funds
Amounts in millions

Enacted State Budget [Pending]

Major State Budget Adjustments	Estimated LA Unified 2020-21 Impact
Restoration of LCFF 10% cuts	\$ 449.4
Restoration of Afterschool, Early Education, and Adult Program	33.3
Special Education \$645M	3.0
Estimated Total	\$ 485.7

Amounts in millions; District estimates and are subject to change based on final allocations by the state

Enacted State Budget [Pending]

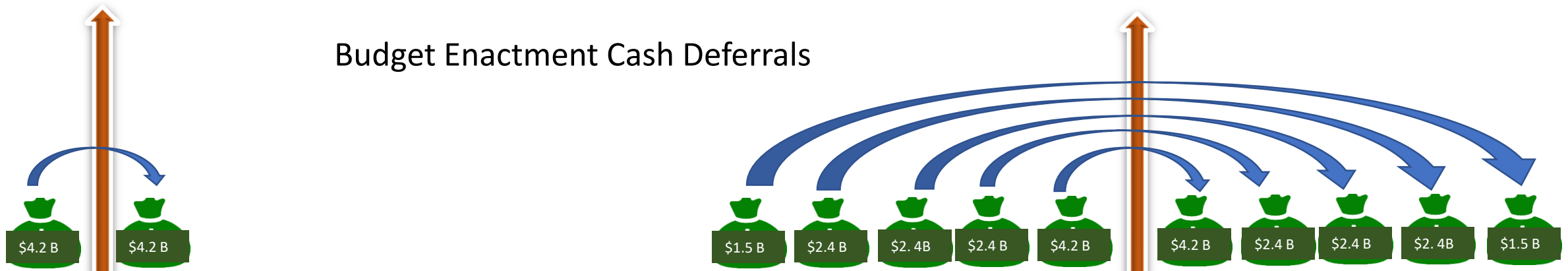
One-time Learning Loss Mitigation Grants

- Directly support pupil academic achievement and mitigate learning loss related to COVID-19 school closures
- Funds conditioned on an adoption of Learning Continuity and Attendance Plan by September 30, 2020
- Estimated one-time funds of \$559.8M
- \$425.3M expires December 30, 2020 and \$134.5 expires September 30, 2021

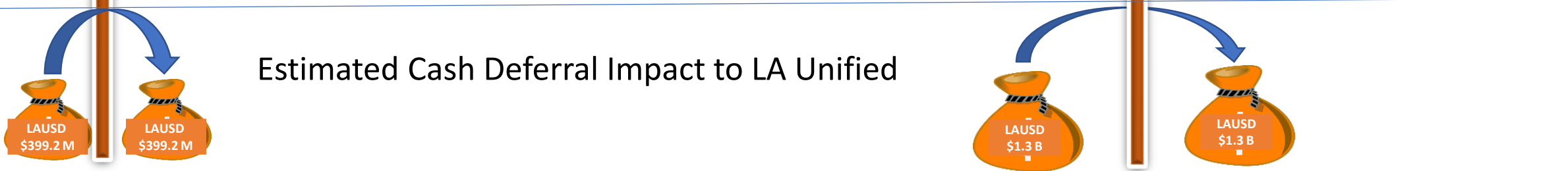
What are Cash Deferrals?

- The State has proposed delaying some cash payments to school districts.
- The proposed deferrals in AB 77 for 2019-20 and 2020-21 are listed below but may be reduced by up to \$5.8 billion if federal funding is received.
- The deferrals do not reduce districts' budget authority but result in reduced cash balances and lost interest income.
- However, the districts will need to fund the expenditures out of existing resources until the cash is received or utilize short-term borrowing.

Budget Enactment Cash Deferrals



Estimated Cash Deferral Impact to LA Unified



June

Aug

Oct

Dec

Feb

Apr

June

August

October

July

Sept

Nov

Jan

Mar

May

July

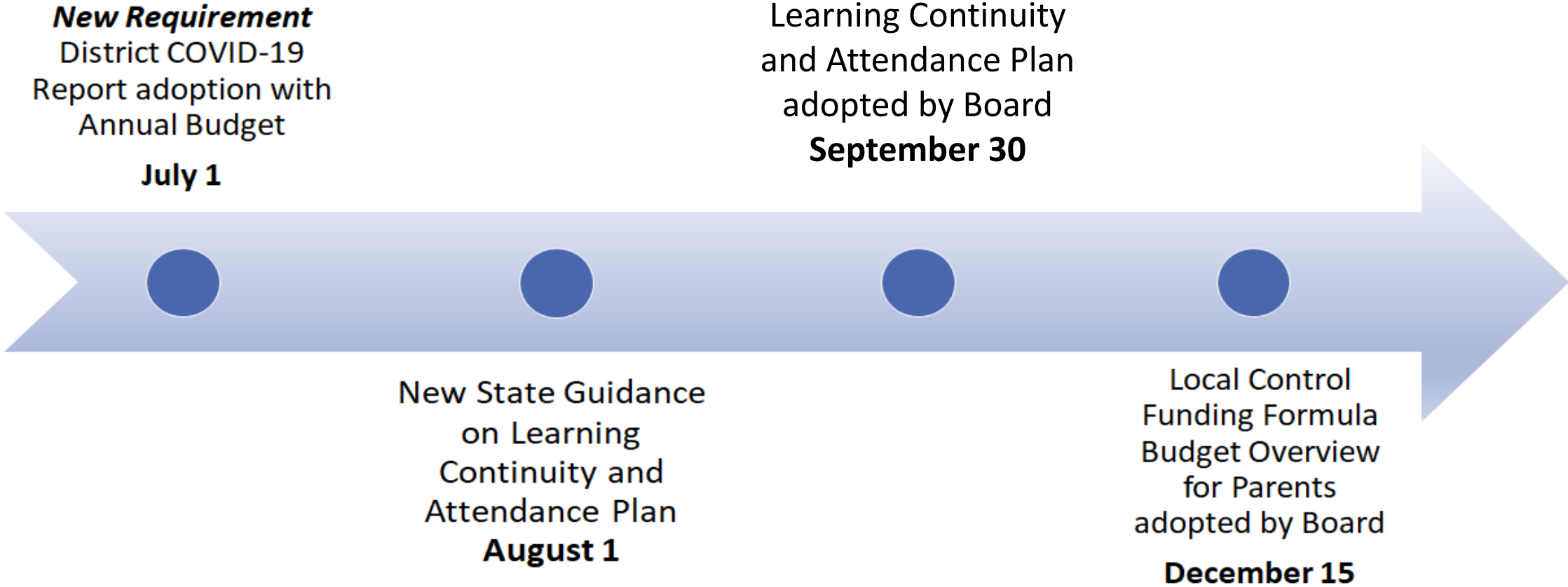
September

Major K-12 Policy Changes in Enacted State Budget [Pending]

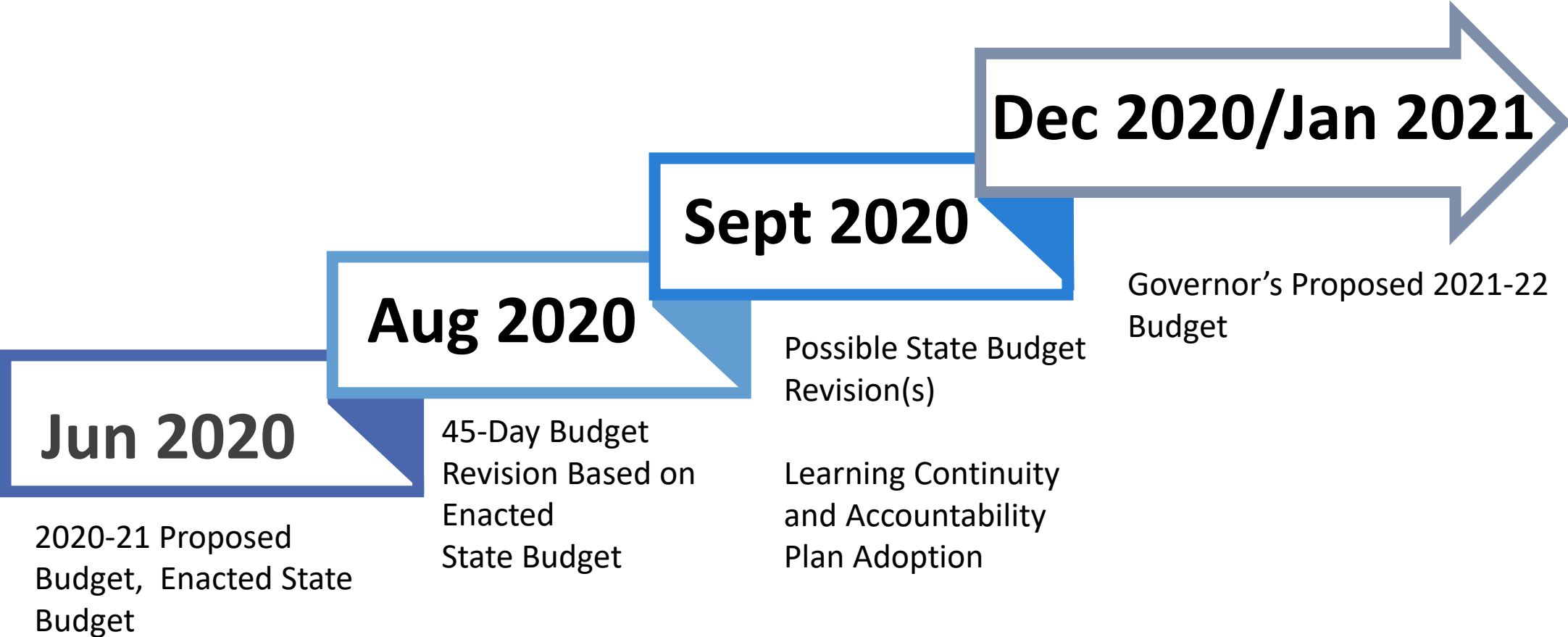
- Replaces the annual LCAP update with Continuity of Learning and Attendance plan
- Use 2019-20 ADA for 2020-21 funding
- Adopts short-term fiscal flexibilities with inter-fund borrowing, sale of surplus property, pension payments from the Routine Restricted Maintenance Account



2020-2021 Reporting Requirements



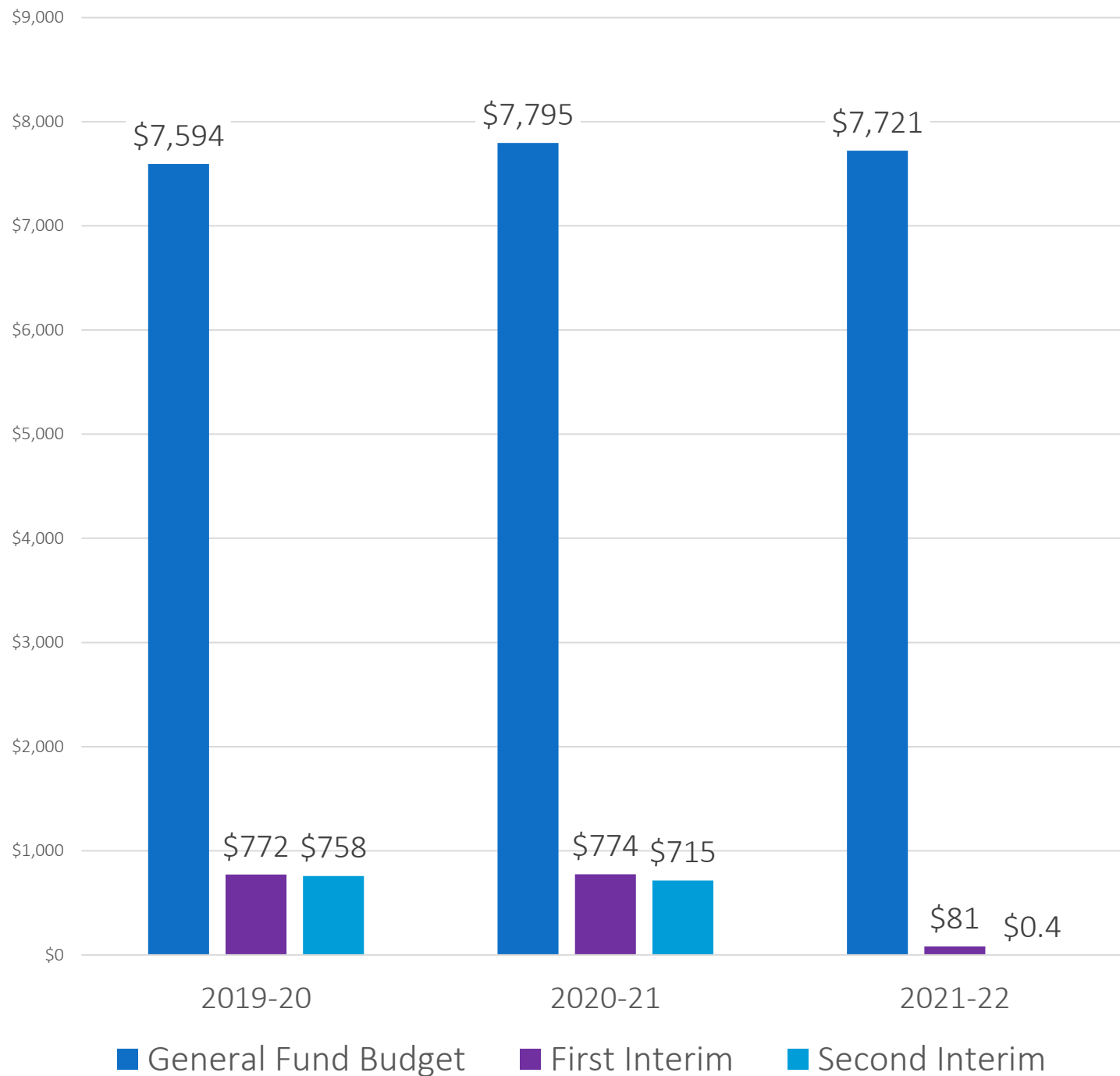
Budget Development Timeline: Where Are We?



Why Submit this Proposed Budget?

- Ed code requirement to adopt a budget and submit compliance documents to LACOE by June 30
- Additional details pending from Enacted State Budget
- The Enacted State Budget has no cuts to programs





General Fund Budget and Unassigned Balances at Second Interim

The Second Interim projection showed a \$0.4M General Fund unrestricted unassigned balance in 2021-22.

The District certified "positive" and approved by LACOE.

The Pandemic Is Highlighting Preexisting Challenges

Before the pandemic



Increased focus on student learning and equity



Structural deficit



Declining enrollment

The Pandemic Is Highlighting Preexisting Challenges

After the pandemic



Increased focus
on student learning
and equity



Structural deficit



Declining enrollment

} Greater depth, breadth, and
inequity of student need

} Increased spending to support
COVID-19 response

} Economic uncertainty

Focus Area	Service	Estimated Cost	Identified Funding	Unreimbursed Cost
Health and Safety		\$ 272	\$ 47	\$ 225
Safety Net	Children	90	90	-
	Adult	33	0	33
	Homeless and Childcare	3	3	-
	Operations	72	39	33
Technology		99	99	-
Instruction	Training	36	36	-
	Substitutes	50	50	-
	Summer School	103	103	-
	Materials	7	7	-
Total		\$ 765	\$ 474	\$ 291

COVID-19 Response:

Estimated Amounts

Total Budget Impact \$765M

Unreimbursed Cost \$291M

Changes since May 19 Report

1. Lower CARES Act appropriation by \$3.5M.

2. Higher school opening, ongoing operations, and continuity of learning costs by \$225M.



This reflects projected expenditures through June 30, 2021. The costs include monies from General Fund, Cafeteria Fund, Bond Funds, federal stimulus, and state relief.

General Fund Forecast – Ending Balance in 2023

Description	Amount
Ending Balance on June 30, 2022 at 2 nd Interim, March 10, 2020	\$ 0.4
Adding 2022-23 School Year	(956)
Unreimbursed COVID-19 Costs	(586)
CARES Act and LEA Response Fund	296
Workload Budget (COLA for FY 2020-21 to 2022-23 at 0%)	(746)
May Revision (Reductions beyond Zero COLA)	(1,115)
Enrollment Forecast	267
Budget to Actual Variances	466
<u>Potential Adjustments:</u>	
Health and Welfare Contract Reserve	167
Reserve for Strategic Investment	408
OPEB	50
Carryovers	521
Real Estate	100
Primary Promise	(100)
Coronavirus Recovery Plan	<u>\$1,228</u>
Ending Balance, June 30, 2023	\$0

Though an Enacted State Budget is pending, the proposed budget is based on the May Revision.

Amounts in millions

Funding

	2019-20	Proposed Adjustment	2020-21
State	\$6,585.7	(\$607.0)	\$5,978.7
Federal	660.6	107.8*	768.4
CARES Act	-	287.7	287.7
COVID-19 Costs		(250.0)**	(250.0)
Net Total	\$7,246.3	(\$461.5)	\$6,784.8
Revenue per K-12 student***	\$16,402	(\$251)	\$16,151

*Unspent revenues from prior year.

** Latest estimated COVID-19 costs through June 30, 2021. Costs include opening schools, ongoing operations, and continuity of learning. Costs incurred have no known reimbursement to the General Fund.

***Based on Cafeteria and General Fund (Restricted + Unrestricted)

Distinguishing Features of 2020-21 Budget

- Move resources closer to schools to serve unique needs of students
- Primary Promise Initiative to improve student proficiency in language, literacy, and math skills in elementary schools
- Bridge the digital divide
- Summer school offered to all students
- Re-opening and ongoing operations of schools



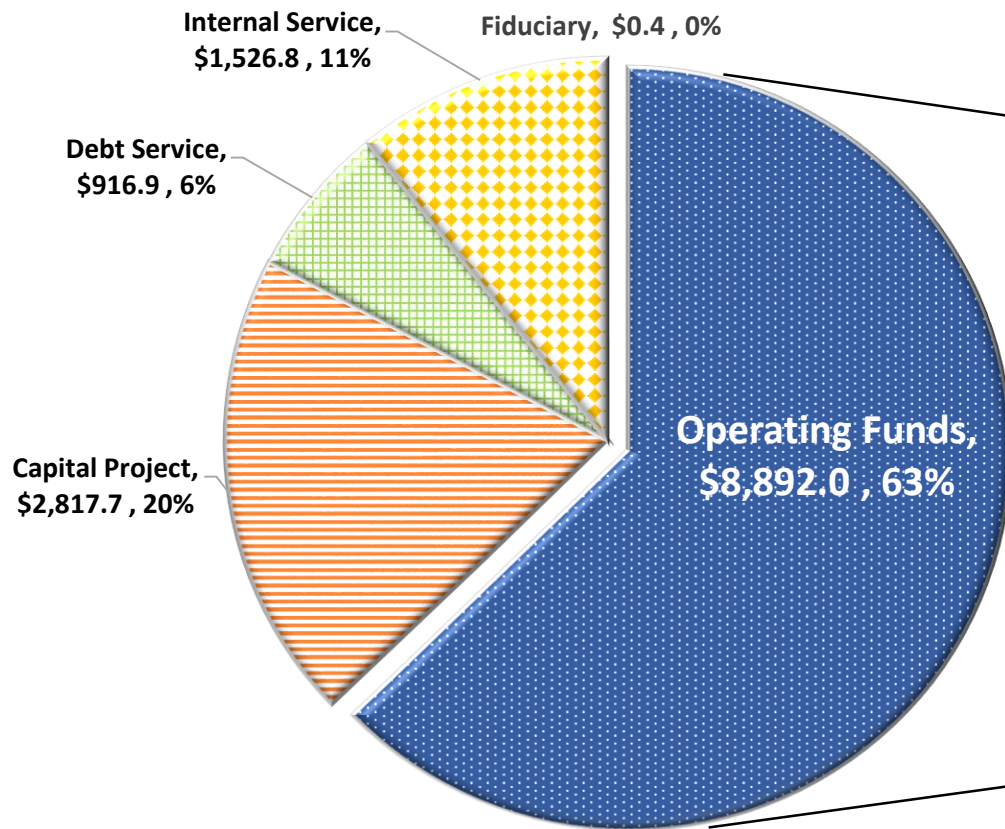
What's in School Budgets?

- Same funds as provided in February 2020
- Changes from 2019-20:
 - Class size reduction – lower by 1 for Grades 4-12
 - Title I - lower eligibility threshold from 50% to 45%
 - Magnet Programs – 20 new magnet programs funded
 - Allocation of 50% of school site carryovers

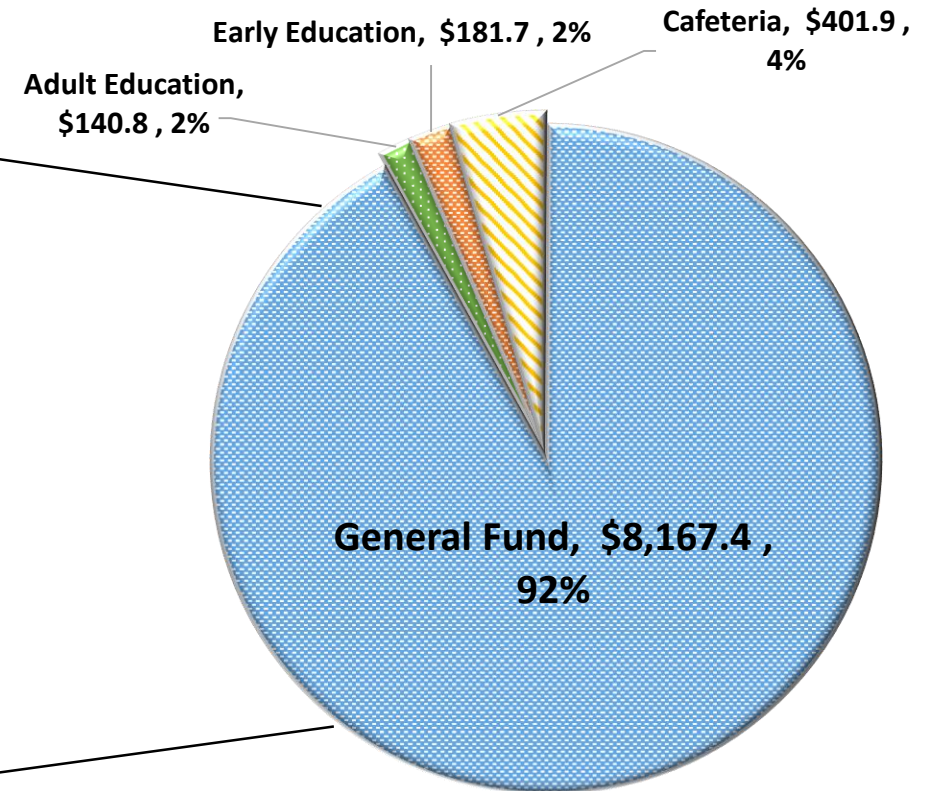


Proposed Total 2020-21 Budget

All Funds - \$14.2 Billion



Operating Funds - \$8.9 Billion



Amounts in millions

By Fund

LAUSD Fiscal Outlook

- The 2020-21 and 2021-22 budget is balanced
- District continues to operate with a structural deficit
- Enrollment is declining less than expected, but metro areas may lose population due to COVID-19
- Inadequate per pupil funding
- Challenges to student safety and student achievement
- 2022-23 budget remains unknown



Budget Working Group

- Led by School and Local District Representatives
- Move services and supports closer to schools to improve student achievement and equity
- Improve transparency of District budget
- Align systems, resources, policies and processes to support the Community of Schools model



Annual SELPA Budget and Service Plan Requirements

- California Education Code section 56205 requires the submission of Annual Budget and Service Plans.
- The Annual Budget Plan and Annual Service Plan must be adopted at a public hearing held by the Special Education Local Plan Area (SELPA)
- The plans must:
 - Identify expected expenditures
 - Include a description and physical location of services
 - Demonstrate that all individuals with exceptional needs have access to services and instruction appropriate to meet their needs as specified in their Individualized Education Program (IEP)

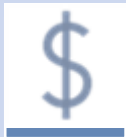
What is an Annual SELPA Budget Plan?



Mandated reporting requirement



Provides a high level summary of the Special Education budget according to expenditure category (certificated salaries, classified salaries, benefits, etc)



Total projected Special Education budget for 2020-21 is \$1.8 billion



Based on previous year's budget with projected changes for the upcoming school year (i.e. expected IEP services and requirements, personnel costs)

What is the Annual SELPA Service Plan?

- Describes the Special Education service options to be provided within the SELPA
- Identifies the physical location at which the services may be provided within the SELPA, including:
 - alternative schools
 - charter schools
 - opportunity schools and classes
 - community day schools operated by districts
 - juvenile court schools

Key Takeaways

1. Focus on mission to improve outcomes and the lives of our children and the community.
2. This budget will become the initial adopted 2020-21 budget.
3. We are able to balance the budget for the next two years and have yet to resolve the third year.
4. Revised budget to reflect revisions to the Enacted State Budget will be presented to the Board in August.
5. Continue to advocate for additional funding and prioritize health and safety.

