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

<table>
<thead>
<tr>
<th>May 5</th>
<th>May 12</th>
<th>May 19</th>
<th>June 23</th>
<th>June 30</th>
<th>Fall Revision(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workload Budget</td>
<td>DOF Letter</td>
<td>May Revision</td>
<td>May Revision Updates</td>
<td>Enacted State Budget [Pending]</td>
<td>?</td>
</tr>
<tr>
<td>-$123</td>
<td>-$1,200</td>
<td>-$403</td>
<td>-$469</td>
<td>-$17</td>
<td></td>
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</table>

* Means Excluding one-time state funds

Amounts in millions
## Enacted State Budget [Pending]

<table>
<thead>
<tr>
<th>Major State Budget Adjustments</th>
<th>Estimated LA Unified 2020-21 Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restoration of LCFF 10% cuts</td>
<td>$ 449.4</td>
</tr>
<tr>
<td>Restoration of Afterschool, Early Education, and Adult Program</td>
<td>33.3</td>
</tr>
<tr>
<td>Special Education $645M</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Estimated Total</strong></td>
<td><strong>$ 485.7</strong></td>
</tr>
</tbody>
</table>

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 $134.5M 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.

Estimated Cash Deferral Impact to LA Unified
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

- **New Requirement**: District COVID-19 Report adoption with Annual Budget
  - *July 1*

- **Learning Continuity and Attendance Plan adopted by Board**
  - *September 30*

- **New State Guidance on Learning Continuity and Attendance Plan**
  - *August 1*

- **Local Control Funding Formula Budget Overview for Parents adopted by Board**
  - *December 15*
Budget Development Timeline: Where Are We?

Jun 2020

2020-21 Proposed Budget, Enacted State Budget

Aug 2020

45-Day Budget Revision Based on Enacted State Budget

Sept 2020

Possible State Budget Revision(s)

Governor’s Proposed 2021-22 Budget

Dec 2020/Jan 2021

Learning Continuity and Accountability Plan Adoption
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
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

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- Greater depth, breadth, and inequity of student need
- Increased spending to support COVID-19 response
- Economic uncertainty
<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Service</th>
<th>Estimated Cost</th>
<th>Identified Funding</th>
<th>Unreimbursed Cost</th>
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</thead>
<tbody>
<tr>
<td>Health and Safety</td>
<td></td>
<td>$ 272</td>
<td>$ 47</td>
<td>$ 225</td>
</tr>
<tr>
<td>Safety Net</td>
<td>Children</td>
<td>90</td>
<td>90</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Adult</td>
<td>33</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Homeless and Childcare</td>
<td>3</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Operations</td>
<td>72</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td>99</td>
<td>99</td>
<td>-</td>
</tr>
<tr>
<td>Instruction</td>
<td>Training</td>
<td>36</td>
<td>36</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Substitutes</td>
<td>50</td>
<td>50</td>
<td>-</td>
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<tr>
<td></td>
<td>Summer School</td>
<td>103</td>
<td>103</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Materials</td>
<td>7</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 765</td>
<td>$ 474</td>
<td>$ 291</td>
</tr>
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</table>

**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.

Amounts in millions
## General Fund Forecast – Ending Balance in 2023

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

**Amounts in millions**

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

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>Proposed Adjustment</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>$6,585.7</td>
<td>($607.0)</td>
<td>$5,978.7</td>
</tr>
<tr>
<td>Federal</td>
<td>660.6</td>
<td>107.8*</td>
<td>768.4</td>
</tr>
<tr>
<td>CARES Act</td>
<td>-</td>
<td>287.7</td>
<td>287.7</td>
</tr>
<tr>
<td>COVID-19 Costs</td>
<td></td>
<td>(250.0)**</td>
<td>(250.0)</td>
</tr>
<tr>
<td>Net Total</td>
<td>$7,246.3</td>
<td>($461.5)</td>
<td>$6,784.8</td>
</tr>
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</table>

Revenue per K-12 student***

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$16,402</td>
<td>($251)</td>
<td>$16,151</td>
</tr>
</tbody>
</table>

*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)

Amounts in millions
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, $8,892.0, 63%
- Capital Project, $2,817.7, 20%
- Internal Service, $1,526.8, 11%
- Debt Service, $916.9, 6%
- Fiduciary, $0.4, 0%

Operating Funds - $8.9 Billion

- General Fund, $8,167.4, 92%
- Early Education, $181.7, 2%
- Adult Education, $140.8, 2%
- Cafeteria, $401.9, 4%

By Fund

Amounts in millions
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.