



A Look at School Finances and a Budget Overview

Presented to the Committee of the Whole

March 5, 2020



First Interim Recap



Second Interim and Multi-Year Projections



Budget Planning and Development



Every Student Succeeds Act (ESSA) Update

First Interim Recap

- The District submitted its First Interim Report to LACOE with the following highlights:
 - A slight improvement compared to the current modified budget.
 - The District self-certified as “positive.”
- LACOE approved the District’s submission, but noted in their letter dated January 21, 2020, the following concerns:
 - Deficit spending in the current and future years
 - Lack of a Board-adopted plan to fund retiree benefits
 - Unstable projected ending balances
 - Long-term impact of collective bargaining agreements

What is Second Interim?

- CDE requires the District to file 2 reports during a fiscal year on the status of the District's financial health.
- First Interim due December 15, 2019 for the period ended October 30, 2019.
- Second Interim due March 17, 2020 for the period ended January 31, 2020.
- The Interim Reports must include a certification of whether or not the District is able to meet its financial obligations:
 - A positive certification indicates that based on current projections, the district will meet its financial obligations for the current fiscal year and two subsequent years.
 - A qualified certification indicates that the district may not be able to meet its financial obligations for the current or two subsequent fiscal years.
 - A negative certification indicates that the district will not be able to meet its financial obligations for the current or subsequent fiscal year.

Second Interim Highlights

- The District retains “positive” certification.
- The General Fund Unassigned Ending Balance decreased by \$80.1 million in fiscal year 2021-22.
 - The Governor’s January Proposed Budget reflects a lower Cost-of-Living Adjustment (COLA) beginning in 2020-21.
 - This translates to reduced LCFF and Special Education revenues.

	2020-21	2021-22
At First Interim, 2019-20 State Adopted Budget COLA	3.00%	2.80%
At Second Interim, 2020-21 Governor's January Proposed Budget	2.29%	2.71%

2019-20 Unrestricted General Fund Revenues (in millions)

	Second Interim	First Interim	Change
LCFF Sources	\$ 5,611.0	\$ 5,624.6	\$ (13.6)
Federal Revenues	8.3	8.3	-
Other State Revenues	169.0	169.2	(0.2)
Other Local Revenues	142.6	135.1	7.5
Total Revenues	\$ 5,930.9	\$ 5,937.2	\$ (6.3)

2019-20 Unrestricted General Fund Expenditures (in millions)

	Second Interim	First Interim	Change
Certificated Salaries	\$ 2,234.4	\$ 2,241.7	\$ (7.3)
Classified Salaries	633.4	636.2	(2.8)
Employee Benefits	1,295.0	1,293.5	1.5
Books & Supplies	297.9	244.1	53.8
Services & Operating Expenses	461.4	458.7	2.7
Capital Outlay	8.4	22.4	(14.0)
Other Outgo	8.1	8.1	-
<u>Total Expenditures</u>	<u>\$ 4,938.6</u>	<u>\$ 4,904.7</u>	<u>\$ 33.9</u>

2019-20 Unrestricted General Fund Other Financing Sources/Uses/Indirect Cost (in millions)

	Second Interim	First Interim	Change
Indirect Cost	\$ 102.0	\$ 104.1	\$ (2.1)
Transfer In	20.3	20.1	(0.2)
Other Sources	<u>0.2</u>	<u>-</u>	<u>0.2</u>
	122.5	124.2	(1.7)
Transfer Out	(51.3)	(56.5)	5.2
Contribution	<u>(1,166.3)</u>	<u>(1,176.6)</u>	<u>10.3</u>
	<u>(1,217.6)</u>	<u>(1,233.1)</u>	<u>15.5</u>
Net	<u>\$ (1,095.1)</u>	<u>\$ (1,108.9)</u>	<u>\$ 13.8</u>



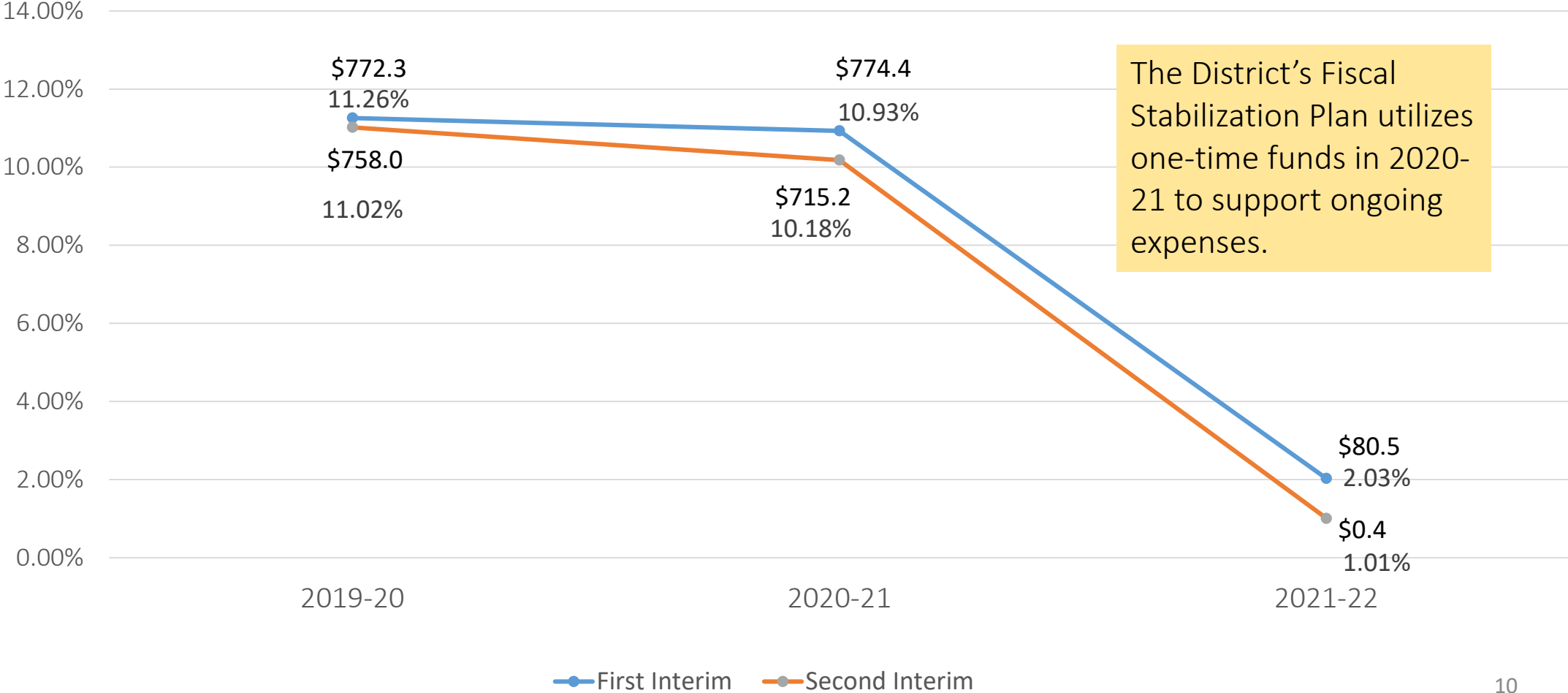
Second Interim Ending Balances 3-Year Forecast

(Dollars in Millions)	2019-20	2020-21	2021-22
Estimated Balances, First Interim	\$772.3	\$774.4	\$80.5
Changes	(\$14.3)	(\$59.2)	(\$80.1)
Estimated Balances, Second Interim	\$758.0	\$715.2	\$0.4



Unassigned Ending Balance

Decreasing Trends in General Fund
Unassigned Ending Balance Reserve & Percentages from 2019-20 to 2021-22
amounts in millions



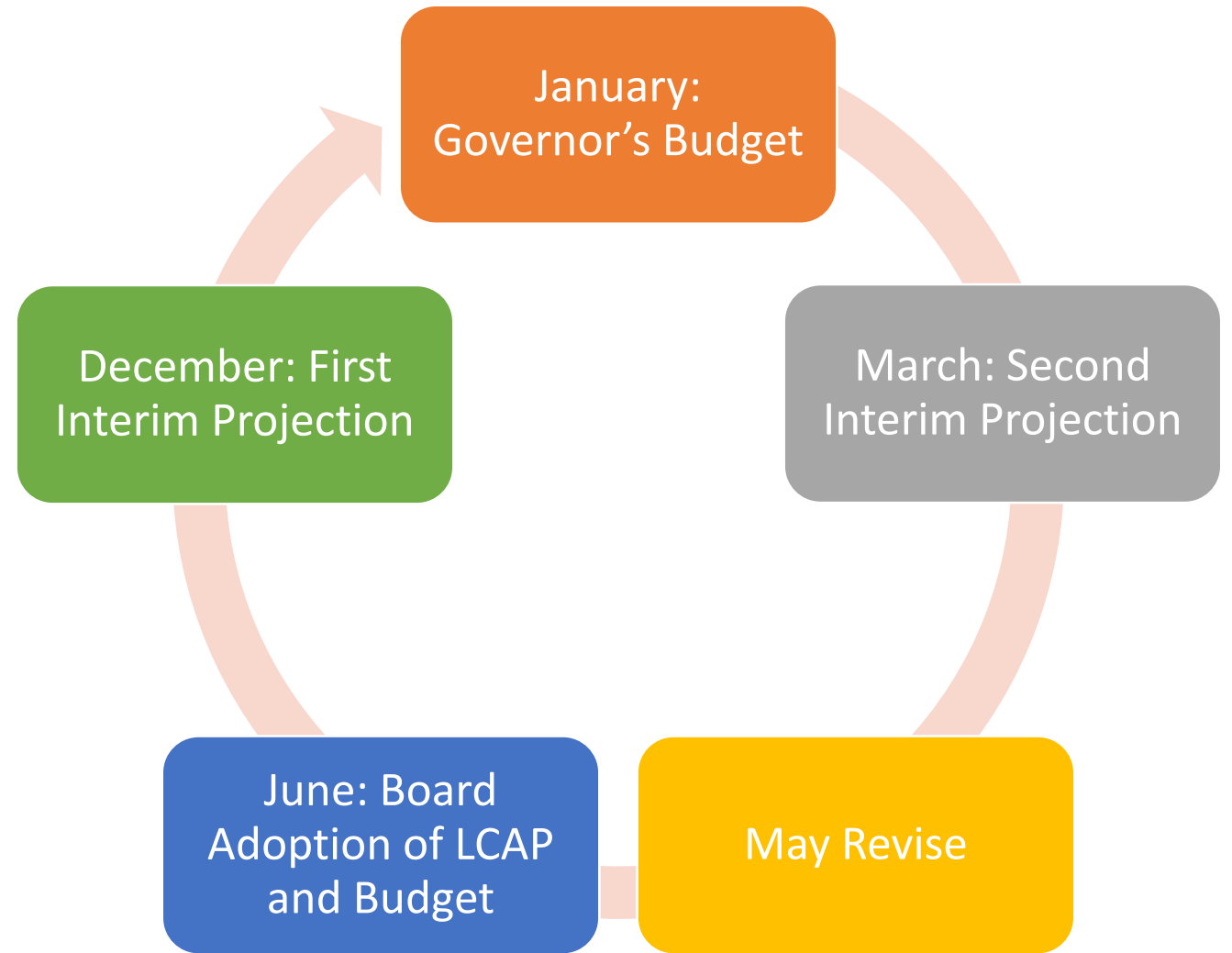
Timeline for School and Budget Planning



Resources included in School Allocations

- Teachers
- Administrators
- Counselors
- Special Education
- Librarians and Library Aides
- Clerical support
- Nurses
- Psychologists
- Custodians
- Innovation Funds
- Arts
- Coaches
- Instructional Materials
- Title I
- SENI
- Campus Aides
- Carryovers

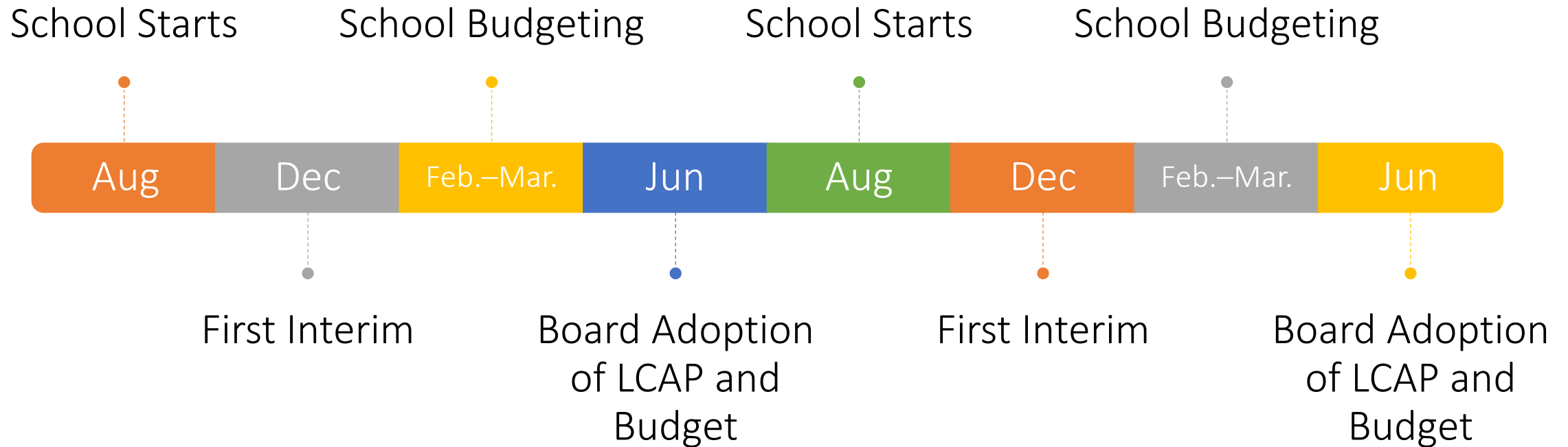
District Budget Calendar



Centrally Managed Resources

- Transportation
- Beyond the Bell
- School Police
- Food Services
- Summer School
- Textbooks

Districtwide Budget Drives School Allocations



The Every Student Succeeds Act (ESSA)
Per-Pupil Expenditure (PPE) Report 2018-19

ESSA – PPE 2018-19

- ESSA is a reauthorization of the 1965 Elementary and Secondary Education Act, which established the federal government's role in public education.
- Passed in December 2015, ESSA outlines how states can use federal money to support public schools effectively and it repealed the No Child Left Behind Act (NCLB) law.
- After almost a year of preparation and coordination with various divisions, staff submitted the report on February 28, 2020 to California Department of Education as required.

ESSA – PPE 2018-19

ESSA maintained the requirement for state and local educational agencies to prepare and disseminate School Accountability Report Cards (SARC) that provide information on performance and progress in an understandable and uniform format.

PPE reporting as part of SARC has wider scope and requires more information. Below are the major changes and key differences:

ESSA	Prior to ESSA
Federal requirement	State requirement
PPE by funding source (federal/state/local)	PPE by restricted /unrestricted
PPE includes school and non- school/central office	PPE includes school only (no central office)
PPE includes Cafeteria and Child Development Funds	PPE include General Fund only

ESSA – PPE 2018-19

After almost a year of preparation and coordination with various divisions, staff submitted the report on February 28, 2020 to California Department of Education as required. Below is a summary of the result for fiscal year ended 2018-19:

Total Number of Schools:	783
Total Enrollment (K-12):	492,605
Total Enrollment (Pre-school):	20,632
Federal Per Pupil:	\$1,047
State and Local Per Pupil:	\$13,244
LAUSD Expenditure Per Pupil	\$14,291

Number of schools is based on the 2018-19 official CDE CDS (County-District-School) designation and excludes fiscally independent charter schools.



Thank you
Questions
Future Topics