

Budget Workshop

Committee of the Whole

May 17, 2022

Agenda

- Guiding Principles for Budget Development
- Multi-Year Projection
- Guiding Principles In Action
 - Improve Student Achievement
 - Spend Funds on the Students that Generate Them
 - Build Towards Long-Term Sustainability

Guiding Principles for Budget Development

Improve student achievement

- Address the immediate needs in our schools
- Strategically use one-time funds and continue progress monitoring to pivot strategies, as needed

Spend funds on the students that generate them

- Ensure that spending meets the immediate needs of students

Protect our highly effective workforce

- Maintain staffing levels necessary to meet the needs of our students

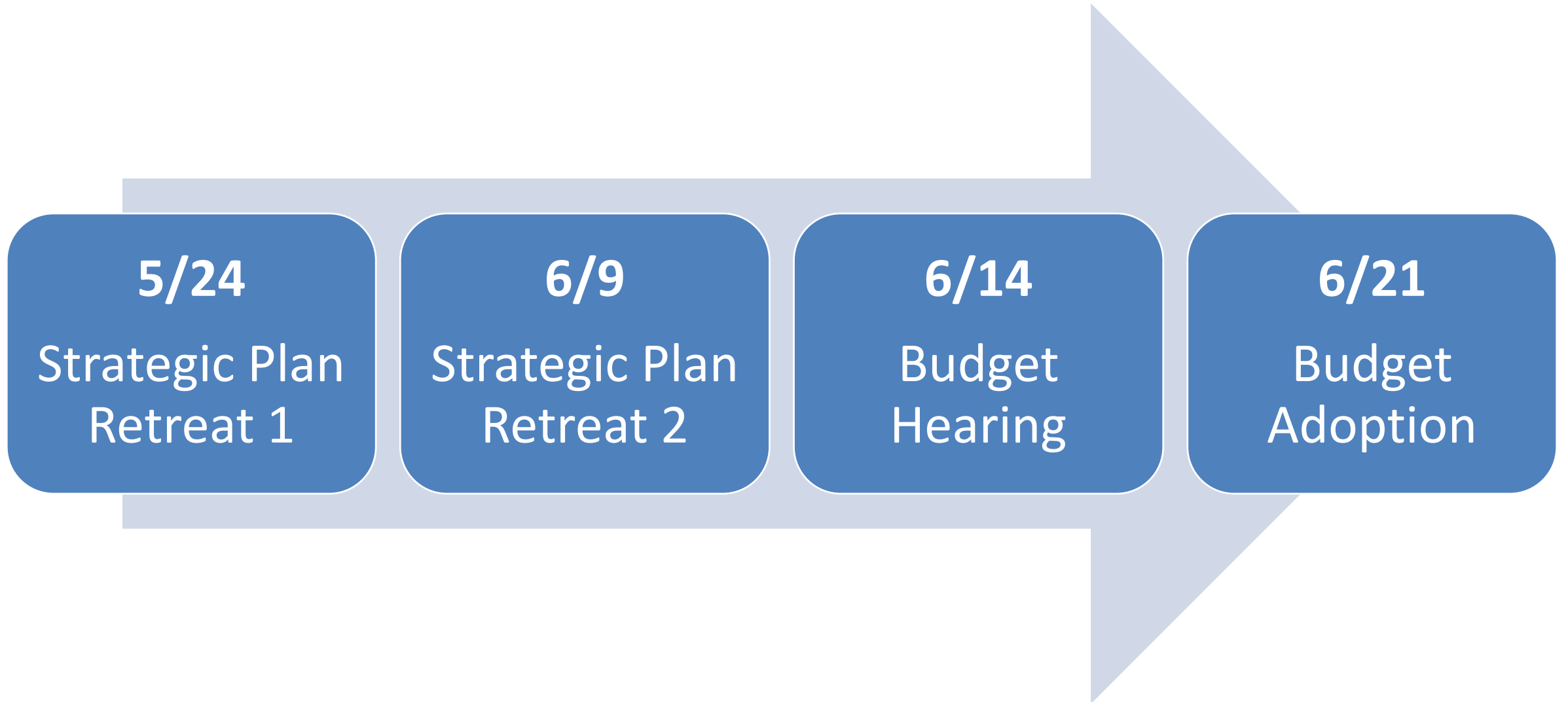
Build towards long-term fiscal sustainability

- Transition responsibly to a state where COVID funds are no longer available, and reserves are not used to balance the budget
- Fund the District's long-term liabilities, like Other Post-Employment Benefits and Capital needs

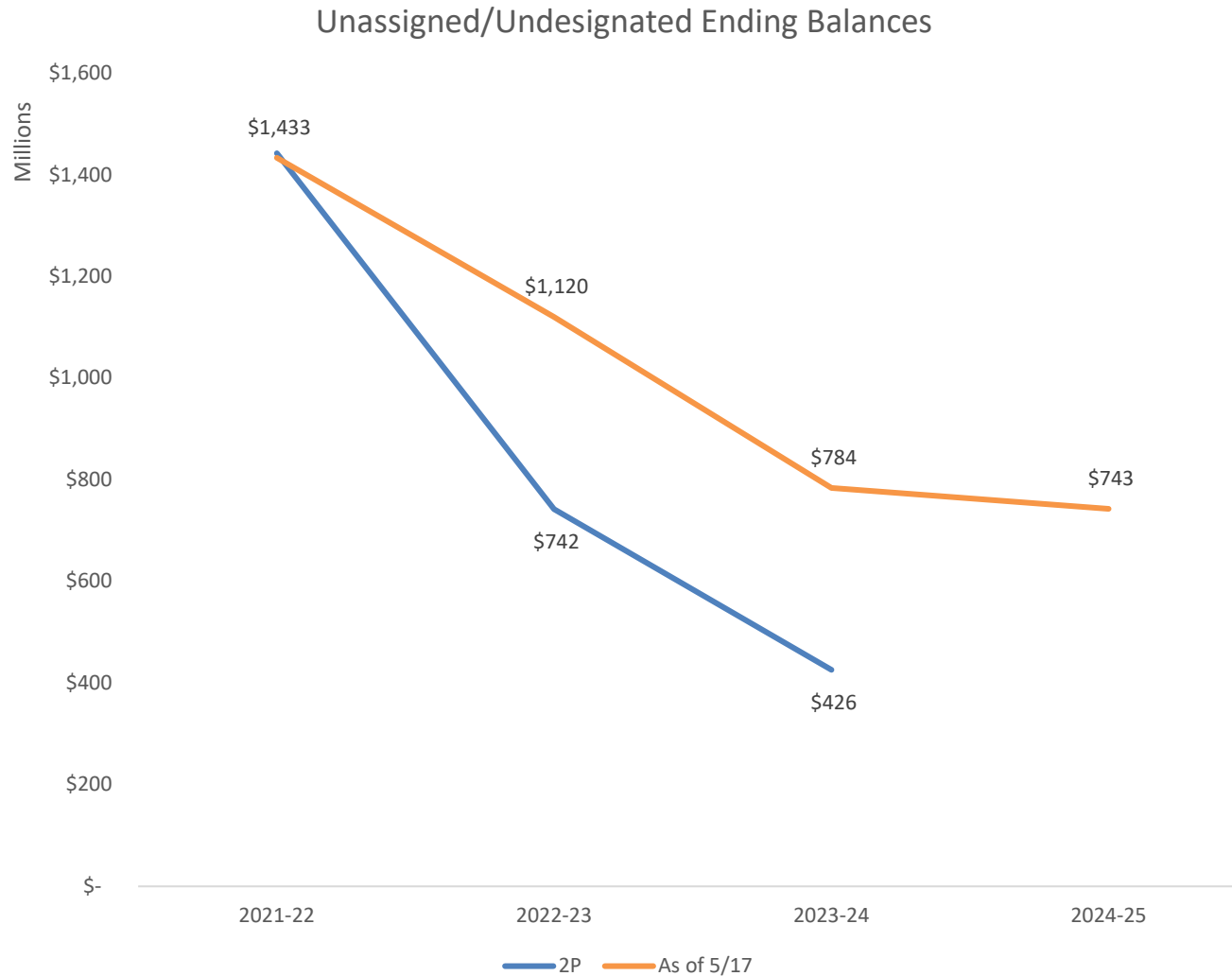
Protect taxpayers' investments

- Be good stewards of public funds

Upcoming Schedule



Multi-Year Projection – Reveals a Funding Perfect Storm

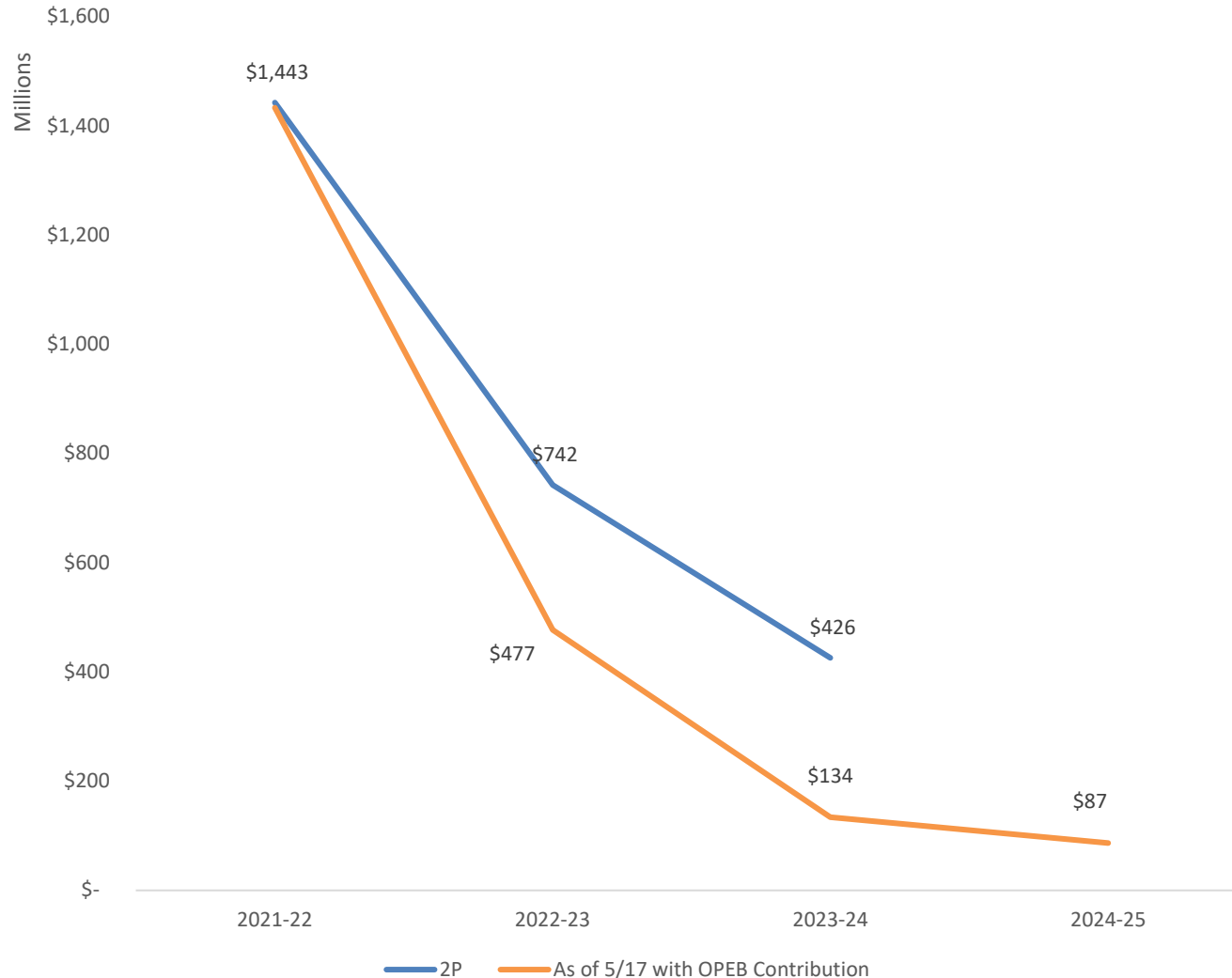


MYP does not include:

- Changes in compensation
 - Salary increases
 - Health Benefits Agreement
 - OPEB Trust Contribution
- Required compliance costs
- New strategic priorities
- May Revise

Multi-Year Projection with OPEB Trust Contributions

Unassigned/Undesignated Ending Balances



MYP includes:

- OPEB contributions:
 - 2022-23: \$211M
 - 2023-24: \$211M
 - 2024-25: \$211M

MYP does not include:

- Changes in compensation
 - Salary increases
 - Health Benefits Agreement
- Required compliance costs
- New strategic priorities
- May Revise

2022-23 Governor's May Revision

- May Revision released on May 13



Improve Student Achievement

100-Day Plan and Strategic Plan

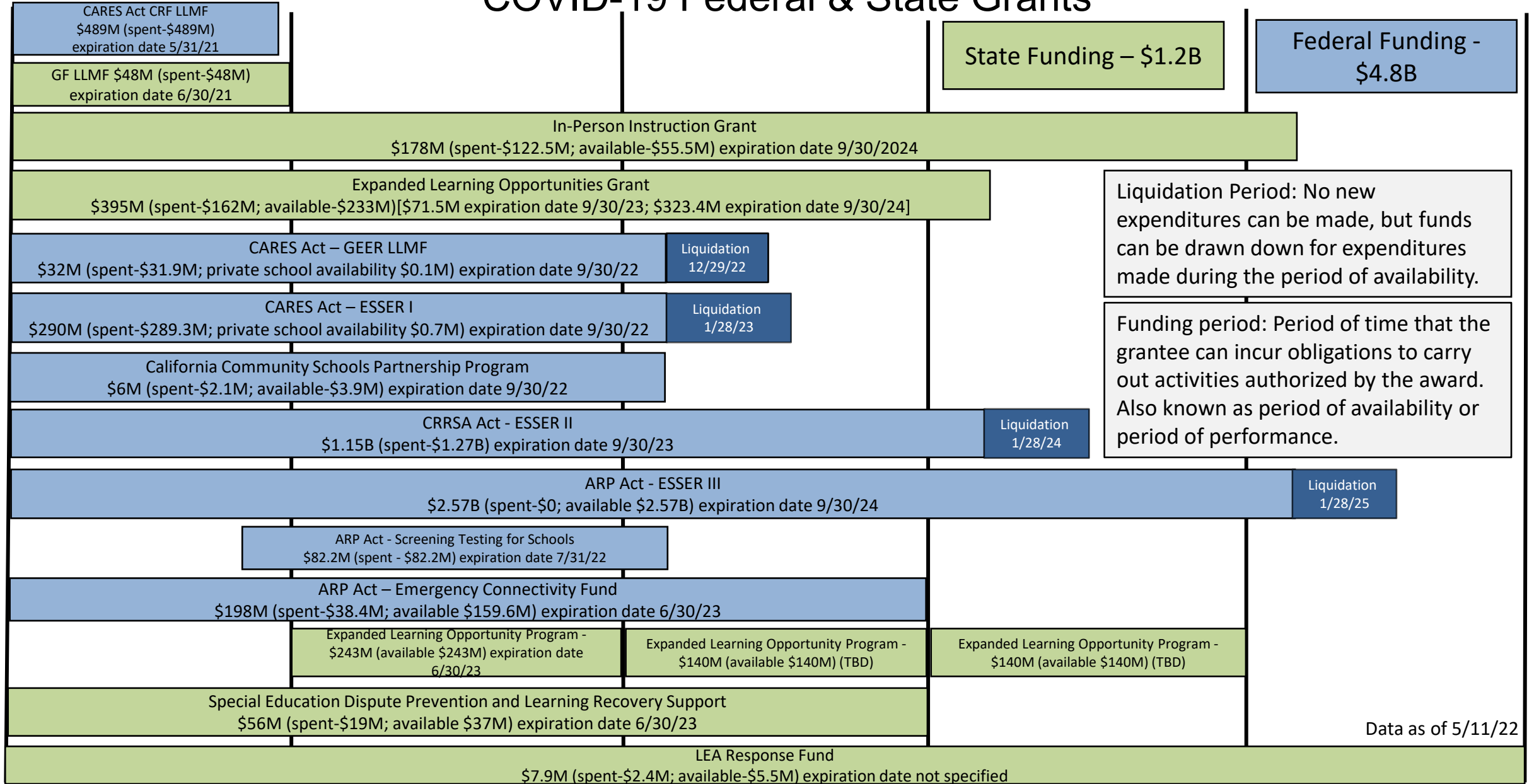
- Upcoming schedule
 - 5/24 – Strategic Plan retreat 1
 - 6/9 – Strategic Plan retreat 2
 - 6/14 – Budget and LCAP Hearing
 - 6/21 – 100-Day Plan to be presented to Board
 - 6/21 – Strategic Plan adopted by Board
 - 6/21 – Budget and LCAP Adoption
- Fiscal impact of new or expanded programs will be offset by corresponding reductions in the budget
 - This could include that strategic reallocation of COVID funds



Staffing Alignment Priorities

- Fill classroom teacher vacancies first
 - Priority for hardest-to-staff sites
- Align District's Administrator-to-Teacher ratio with state requirements
 - Review all out-of-classroom administrator positions
 - Reduce ratio below 8% cap
- Optimize central office positions that support schools
- Quarterly budget-to-actuals variance review

COVID-19 Federal & State Grants



State Funding – \$1.2B

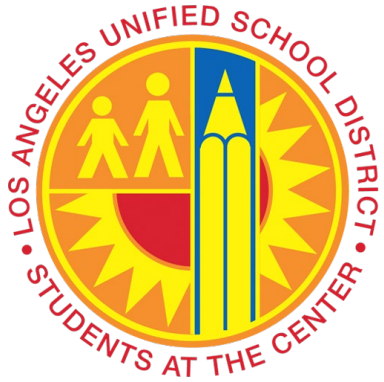
Federal Funding - \$4.8B

Liquidation Period: No new expenditures can be made, but funds can be drawn down for expenditures made during the period of availability.

Funding period: Period of time that the grantee can incur obligations to carry out activities authorized by the award. Also known as period of availability or period of performance.

Data as of 5/11/22

SY 2020-21	SY 2021-22	SY 2022-23	SY 2023-24	SY 2024-25
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All ESSER III funds earmarked for 2022-23 and 2023-24

ESSER III Budget Updates

Progress in response to Board feedback since October 2021 approval:

1

Incorporated *multi-year funding strategy*

2

Accounted for *indirect costs*

3

Reduced proposed FTEs by ~3,000

4

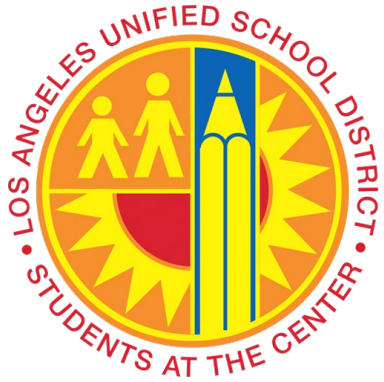
Increased focus on *alternative strategies for provision of services* to students

5

Identified *alternate funding sources* for large expenditures and ESSER II overspend

6

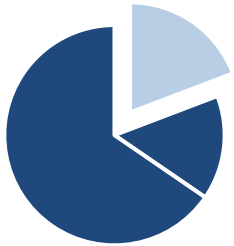
Targeted *strategic pivots*

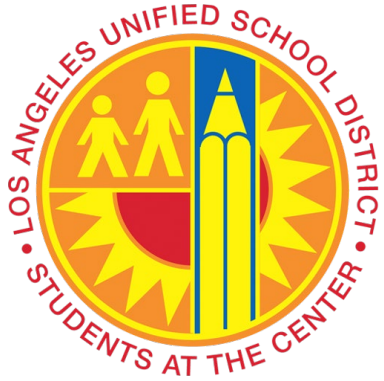


ESSER III Budget Updates

I. Strategies for Continuous and Safe In-Person Learning

Action Items	Proposed 22-23	Proposed 23-24
COVID-19 Testing, Contact Tracing, and Vaccinations	\$272M	\$62M
Facility Upgrades and Custodial Staffing	\$104M	\$4M
Personal Protective Equipment	\$7M	\$3M





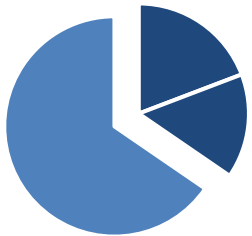
ESSER III Budget Updates

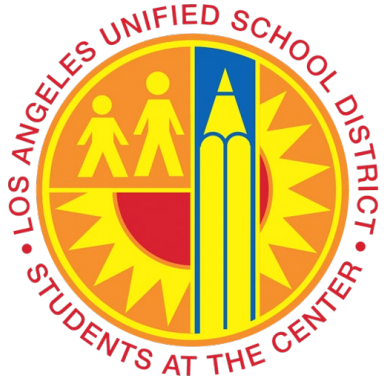
II. Strategies for Addressing Lost Instructional Time

Action Items	Proposed 22-23	Proposed 23-24
School-Site Funding to Address Student Needs	\$305M	\$5M
Technology Devices, Internet Access, and Technical Support	\$142M	\$3M
Primary Promise	\$132M	\$38M
Extended School Calendar	\$122M	\$122M
A-G Intervention and Support	\$99M	\$87M
Special Education	\$99M	\$49M
Online Learning Technology and Content	\$69M	\$67M
Additional Learning Supports	\$64M	\$23M
Enrichment Programs	\$34M	\$34M
Additional Targeted Literacy Support	\$21M	\$20M
Humanizing Education for Equitable Transformation	\$21M	\$16M
College and Career Readiness	\$17M	\$12M
English Learner Supports	\$6M	\$6M
Student Attendance and Enrollment	\$4M	\$1M
Summer School*	\$0.2M	\$0.2M
Early Childhood Education*	\$0	\$0M

*Alternate funding source identified for these expenses

Note: Funding amounts are rounded to the nearest \$ million

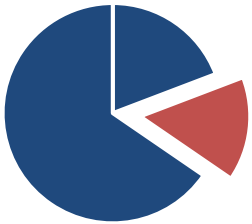




ESSER III Budget Updates

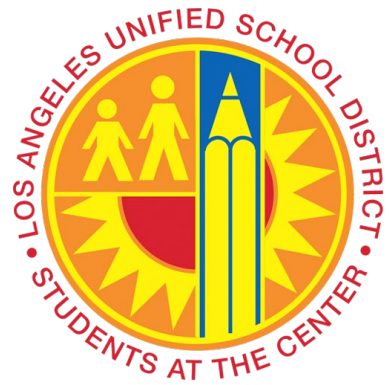
III. Use of Remaining Funds

Action Items	Proposed 22-23	Proposed 23-24
Student Wellness and Mental Health Supports	\$106M	\$106M
Technology Systems and Applications	\$25M	\$13M
Professional Development and Staffing Support	\$21M	\$21M
Library Resources	\$17M	\$0
Family Engagement	\$10M	\$1M
Social Emotional Learning	\$4M	\$4M
Employee Wellness	\$4M	\$4M
Strategic Data and Program Evaluation	\$4M	\$4M
Transportation*	\$0	\$0



*Funds determined no longer necessary given evolving health and safety guidance

Note: Funding amounts are rounded to the nearest \$ million



ESSER III Budget Updates

Next Steps

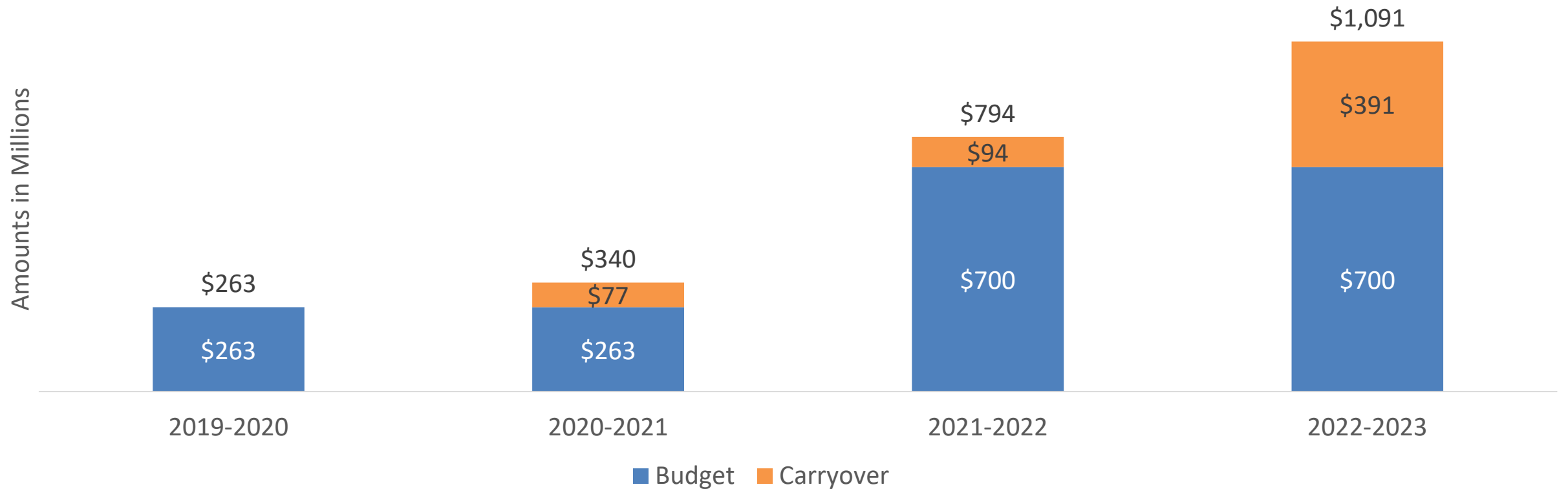
- Ongoing implementation through 2023-24
- Determine investments to be funded after 2023-24 school year
- Identify funding sources for continued investments beyond 2024
- Research to evaluate impact of program investments
- Strategic Plan to guide prioritization through 2026



Spend Funds on the Students
That Generate Them

SENI Funding and Carryover

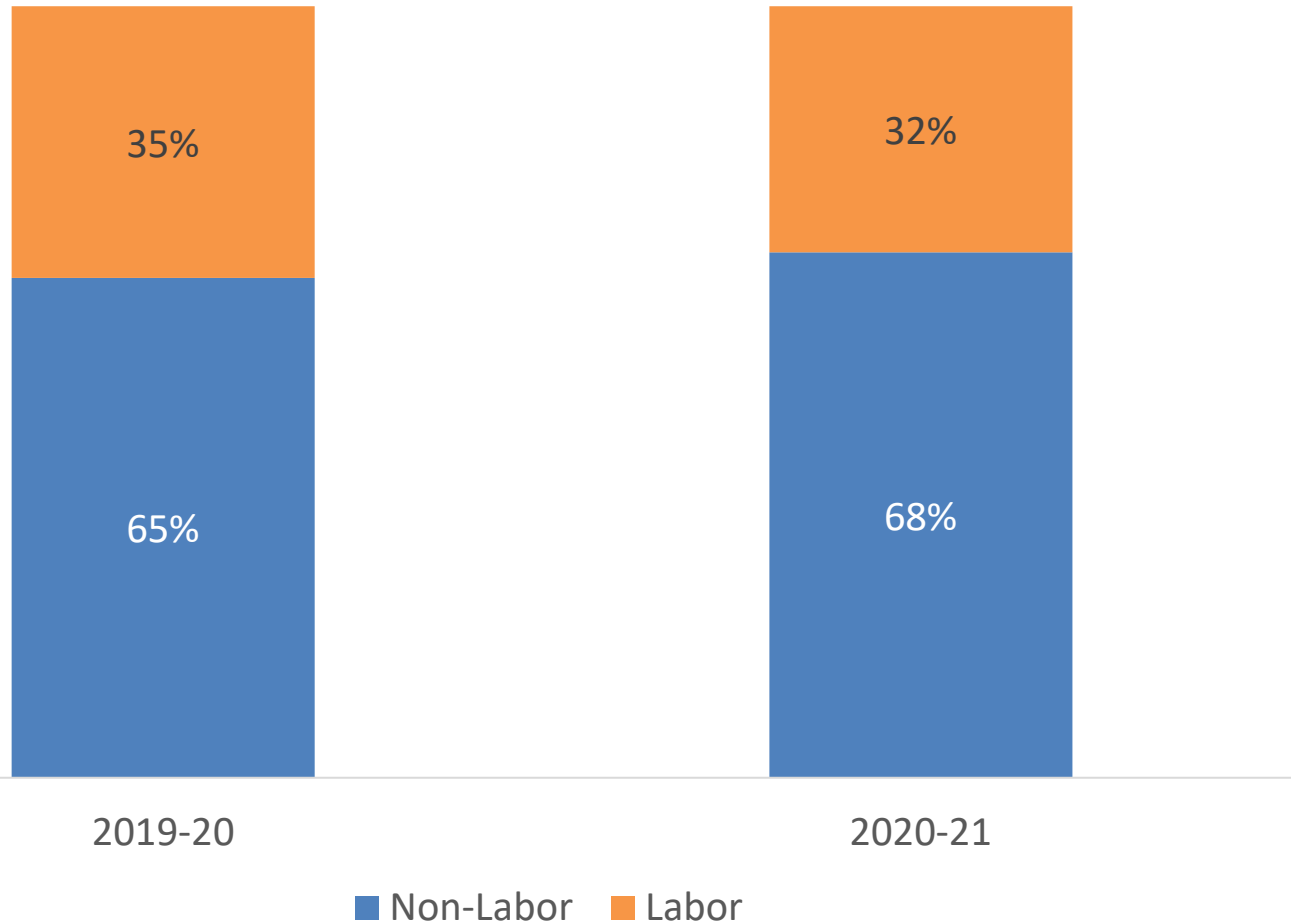
SENI Budget & Carryover from Prior Year



	2019-20	2020-21	2021-22	2022-23
SENI New Allocation	\$ 263,000,000	\$ 263,000,000	\$ 700,000,000	\$ 700,000,000
Per Pupil	\$ 554	\$ 576	\$ 1,627	\$ 1,697
Total SENI w/ Carryover	\$ 263,000,000	\$ 339,837,243	\$ 793,763,798	\$ 1,091,376,908
Total SENI Per Pupil	\$ 554	\$ 744	\$ 1,845	\$ 2,646

SENI Budget-to-Actuals

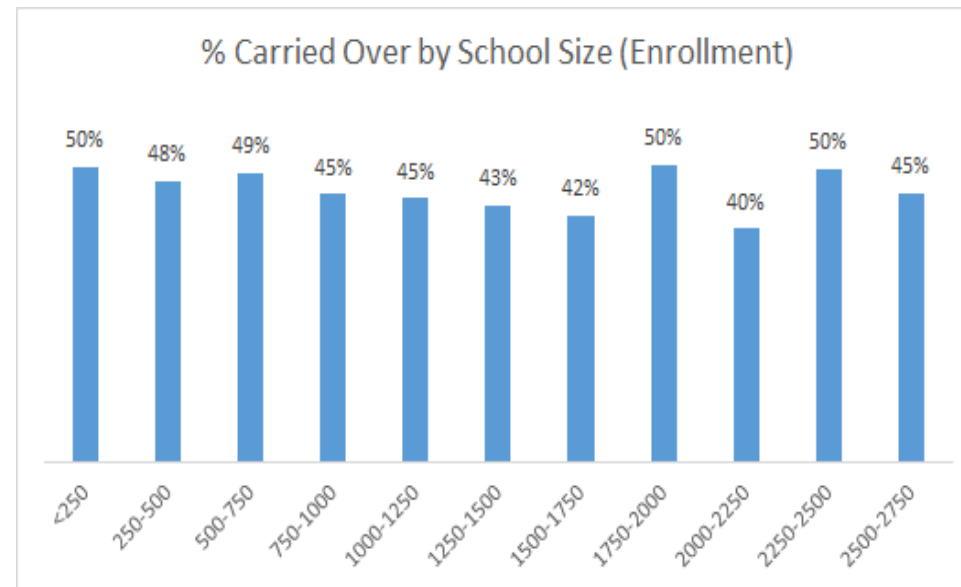
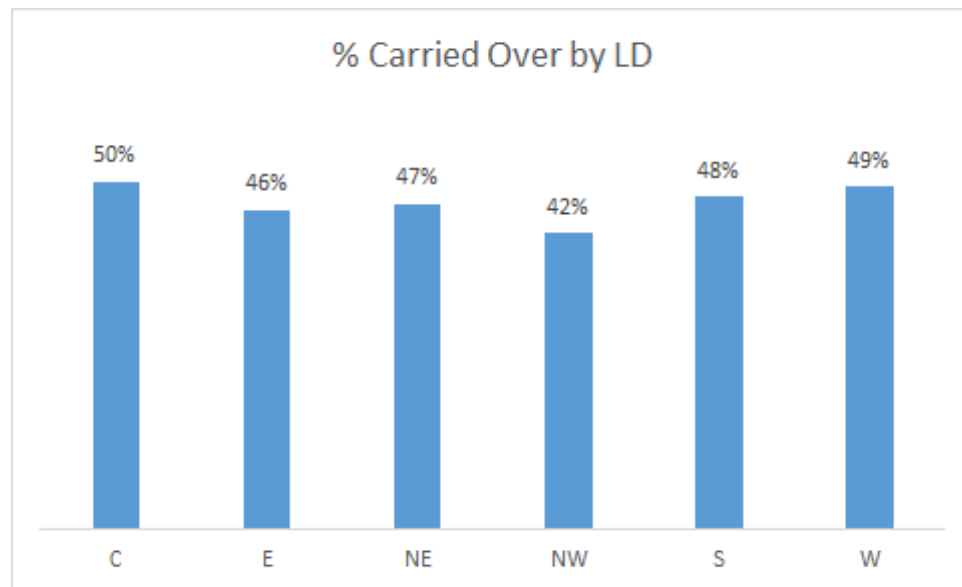
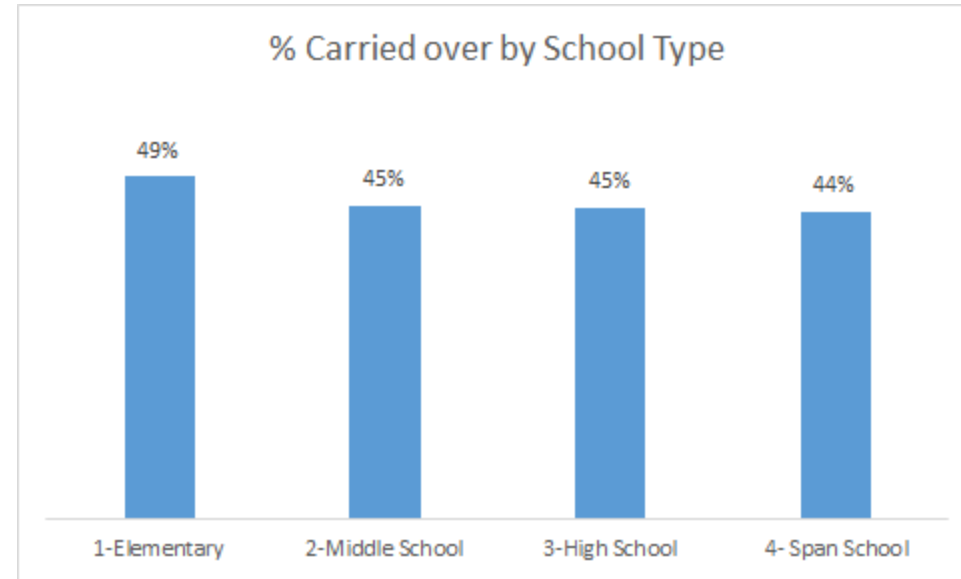
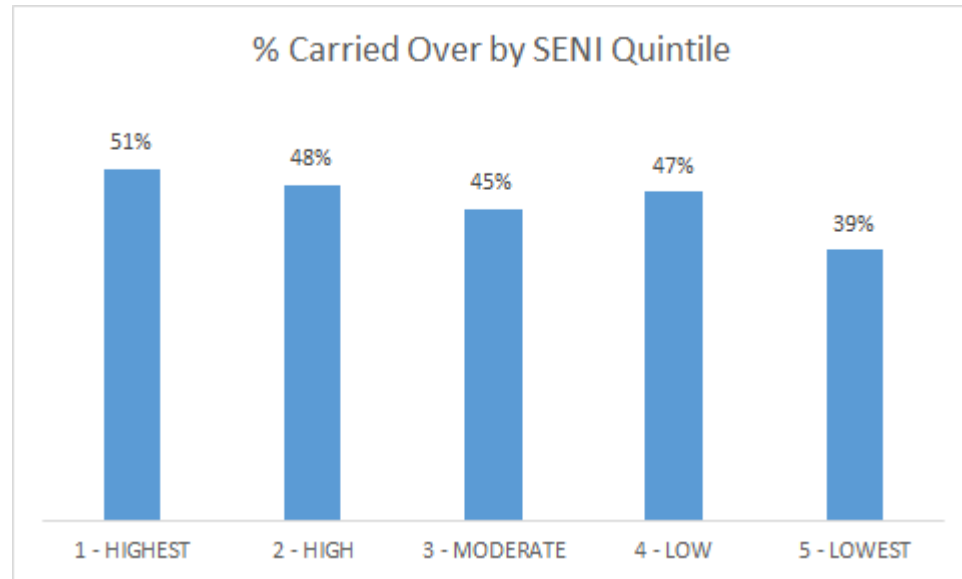
% of Underspend Attributable to Labor vs. Non-Labor



Non-Labor includes professional services

- As SENI allocations have increased, more of the total underspending has been attributable to non-labor budgets

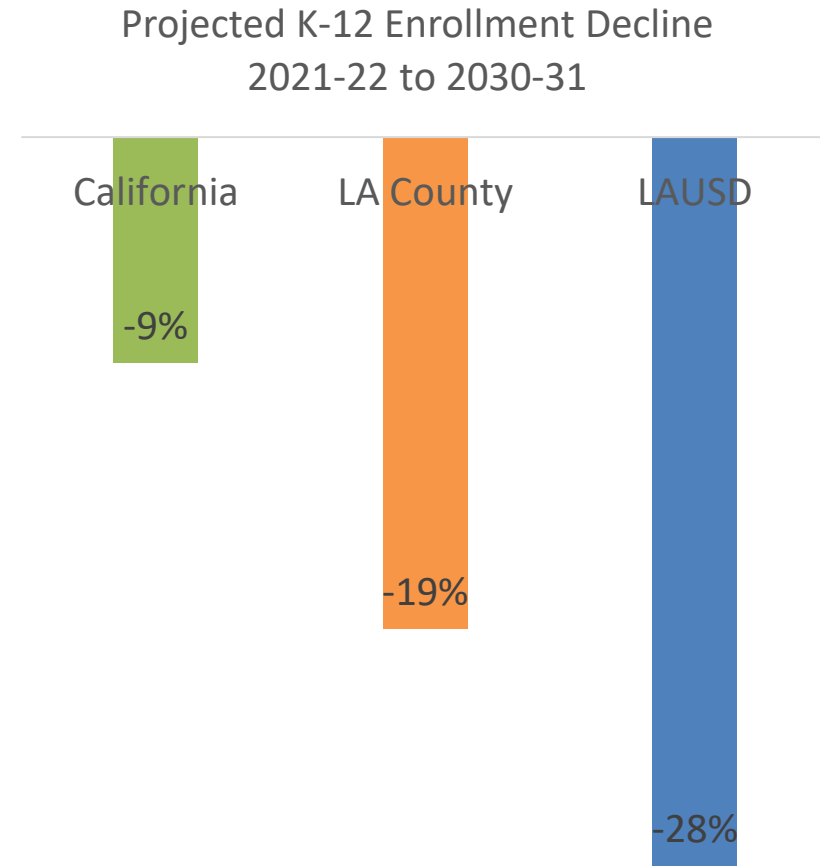
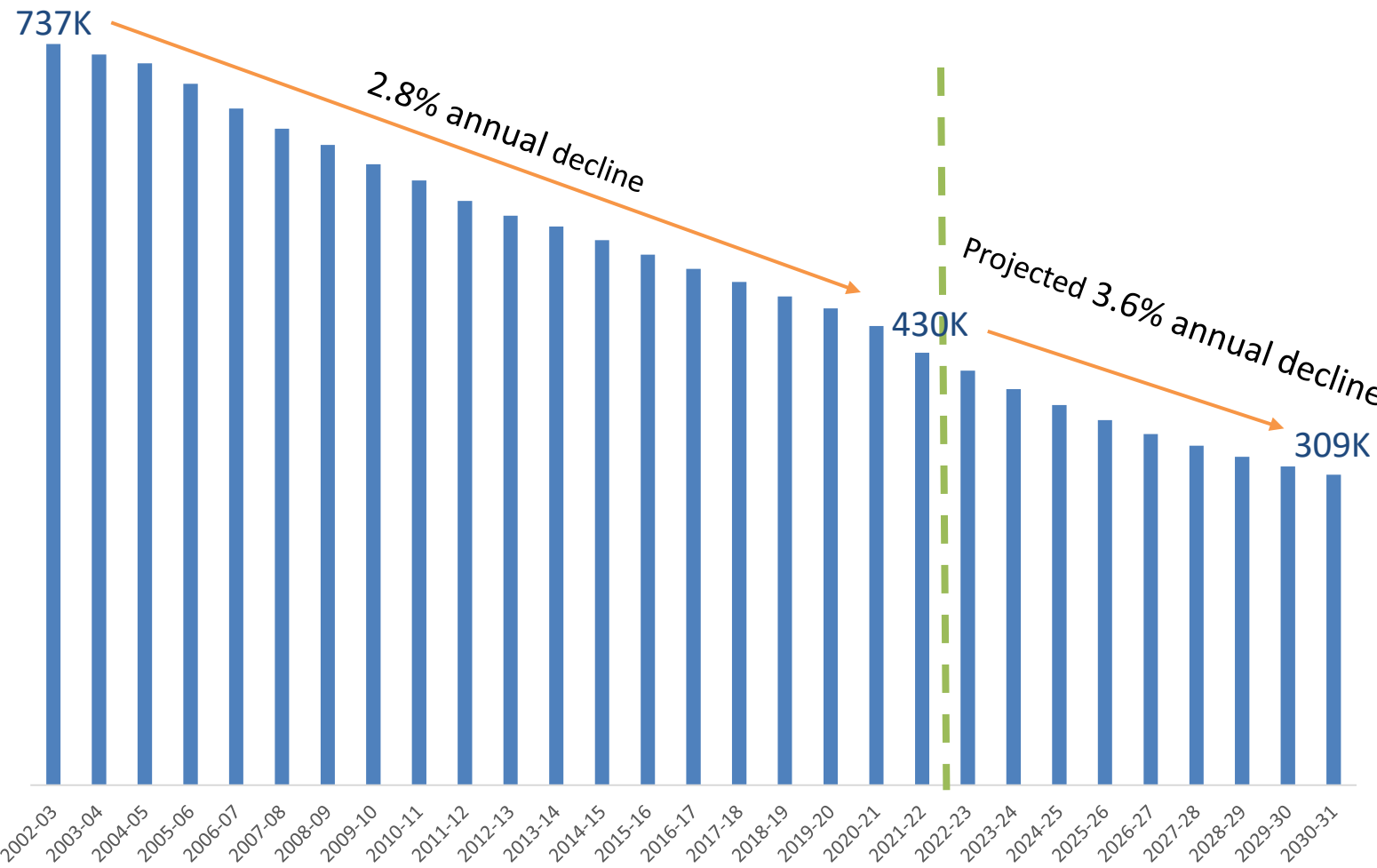
Projected 2021-22 SENI Underspend Varies Little by School Type





Build Towards Long-Term Fiscal Sustainability

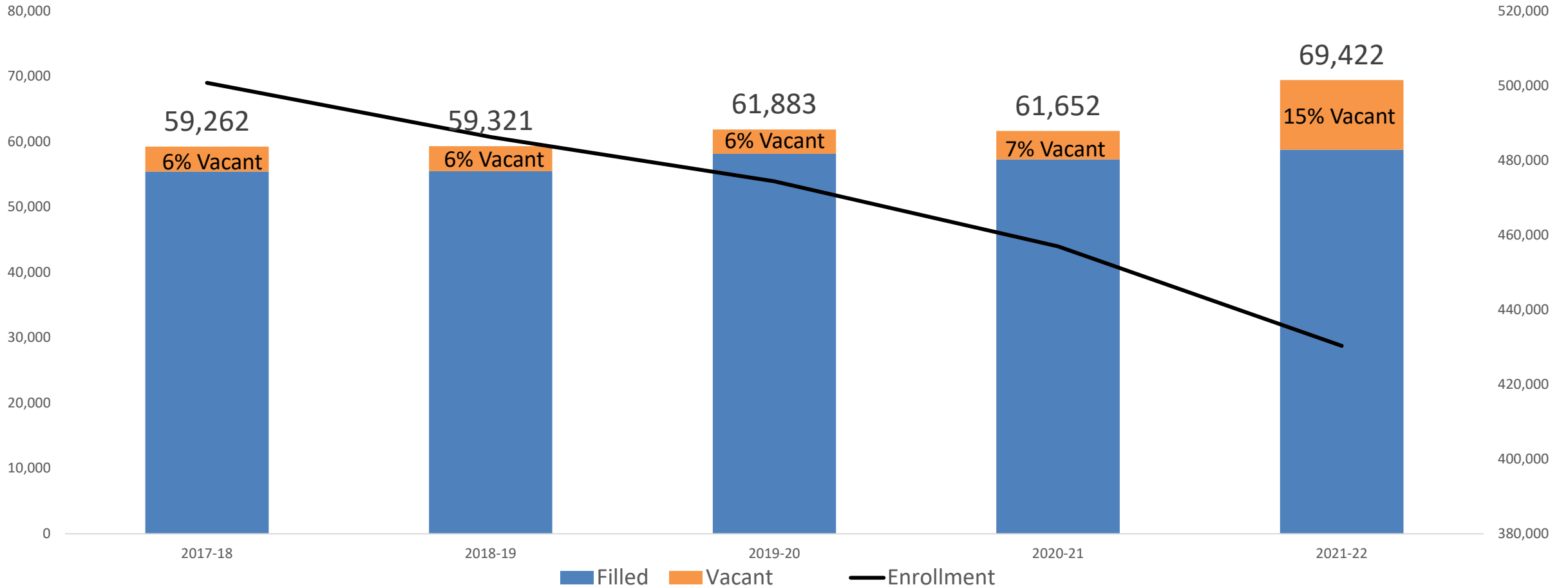
Enrollment Declining Statewide, and At a Steeper Rate at LA Unified



Attendance (ADA %) currently 90%, down from 95%

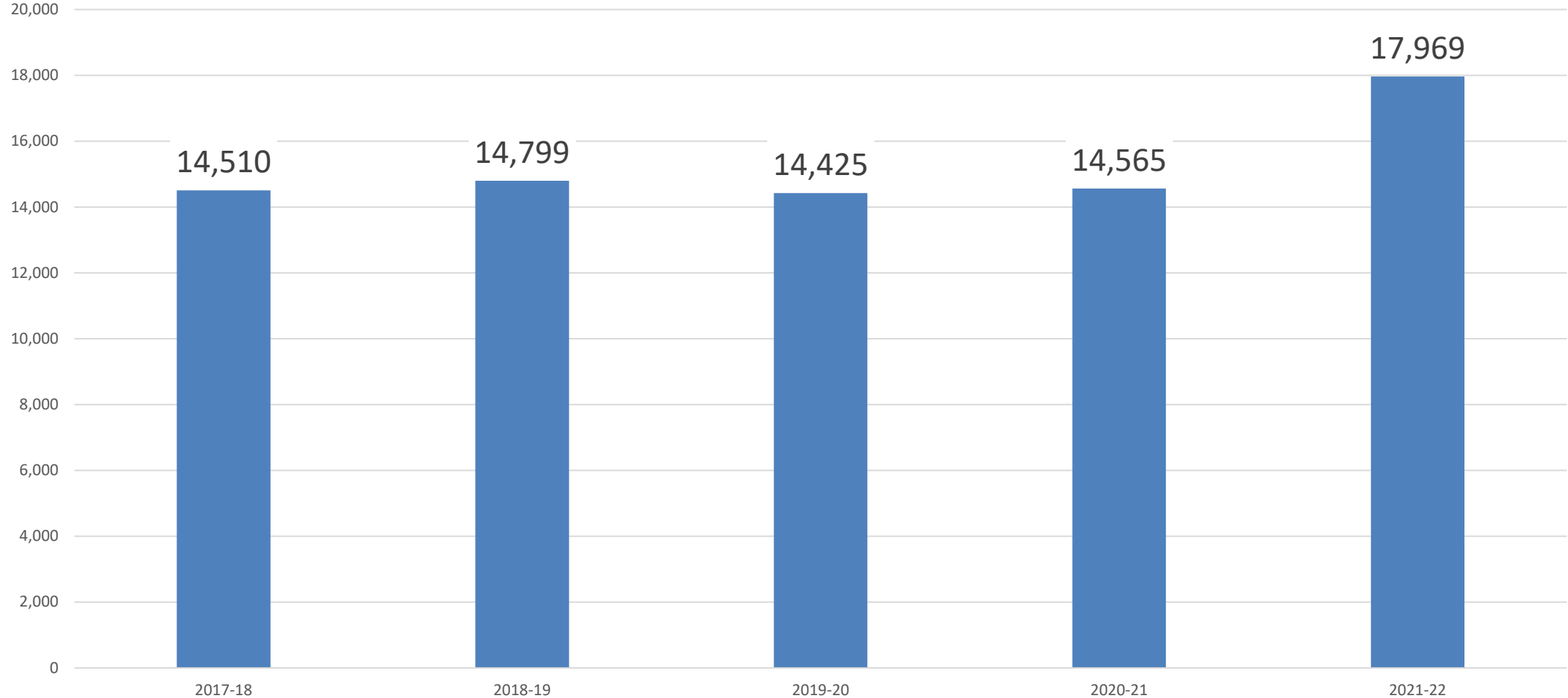
Source: California and LA County projections from CA Department of Finance, LAUSD projections from LAUSD Budget Services

Over the Past Five Years, Positions Have Grown by 10,000, While Enrollment Has Declined by 70,000



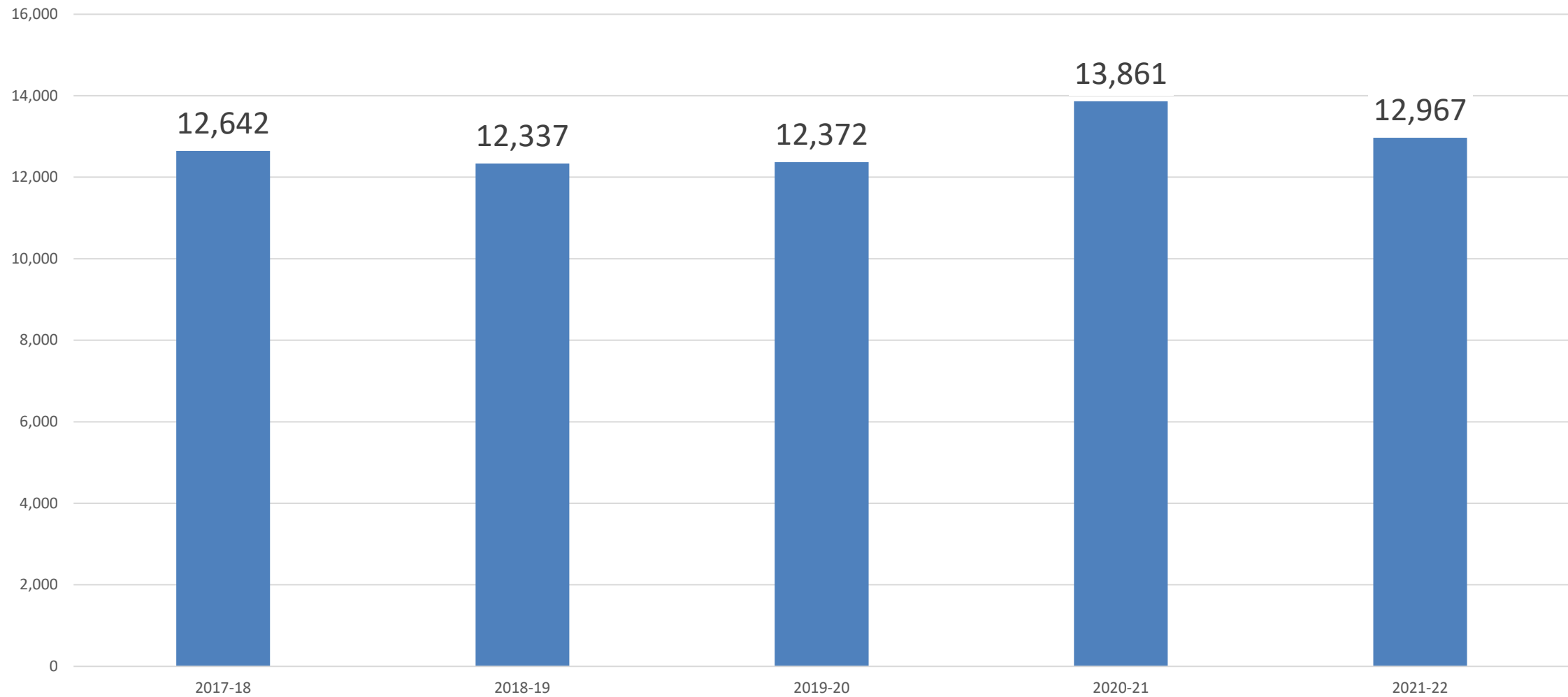
Reflects school-based positions only. Certificated positions include non-classroom positions. Prior year data is as of Jan 1 of each respective year; current year data as of 2-22-22. K-12 enrollment includes Options and Special Day students.

School-Based Non-Classroom Certificated Positions Have Increased As Well



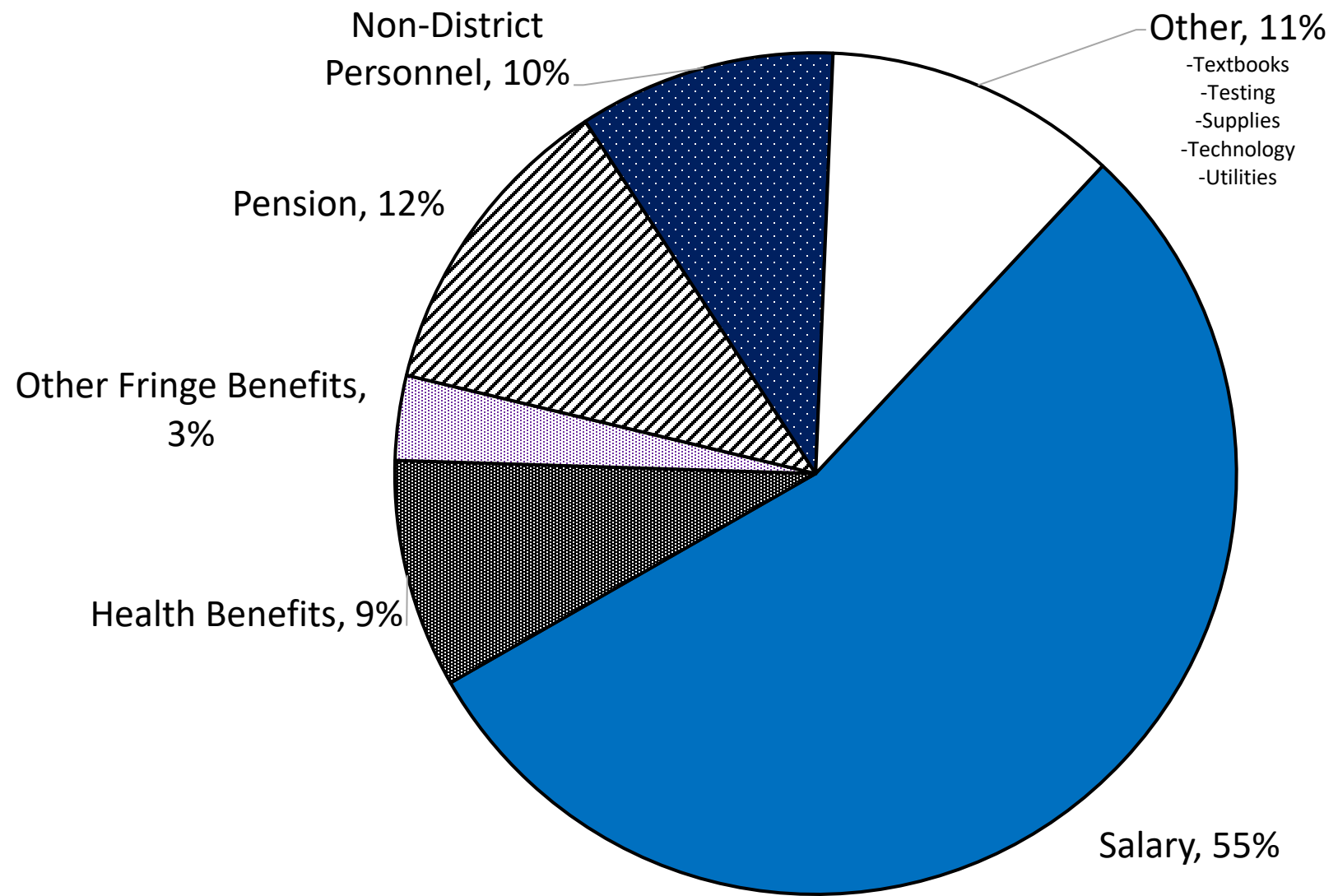
Reflects school-based positions only. Totals include both filled and vacant positions. These include service providers, counselors, administrators, and teacher assistants. Prior year data is as of Jan 1 of each respective year; current year data as of 2-22-22.

Positions Not Assigned Directly to Schools Have Remained Flat



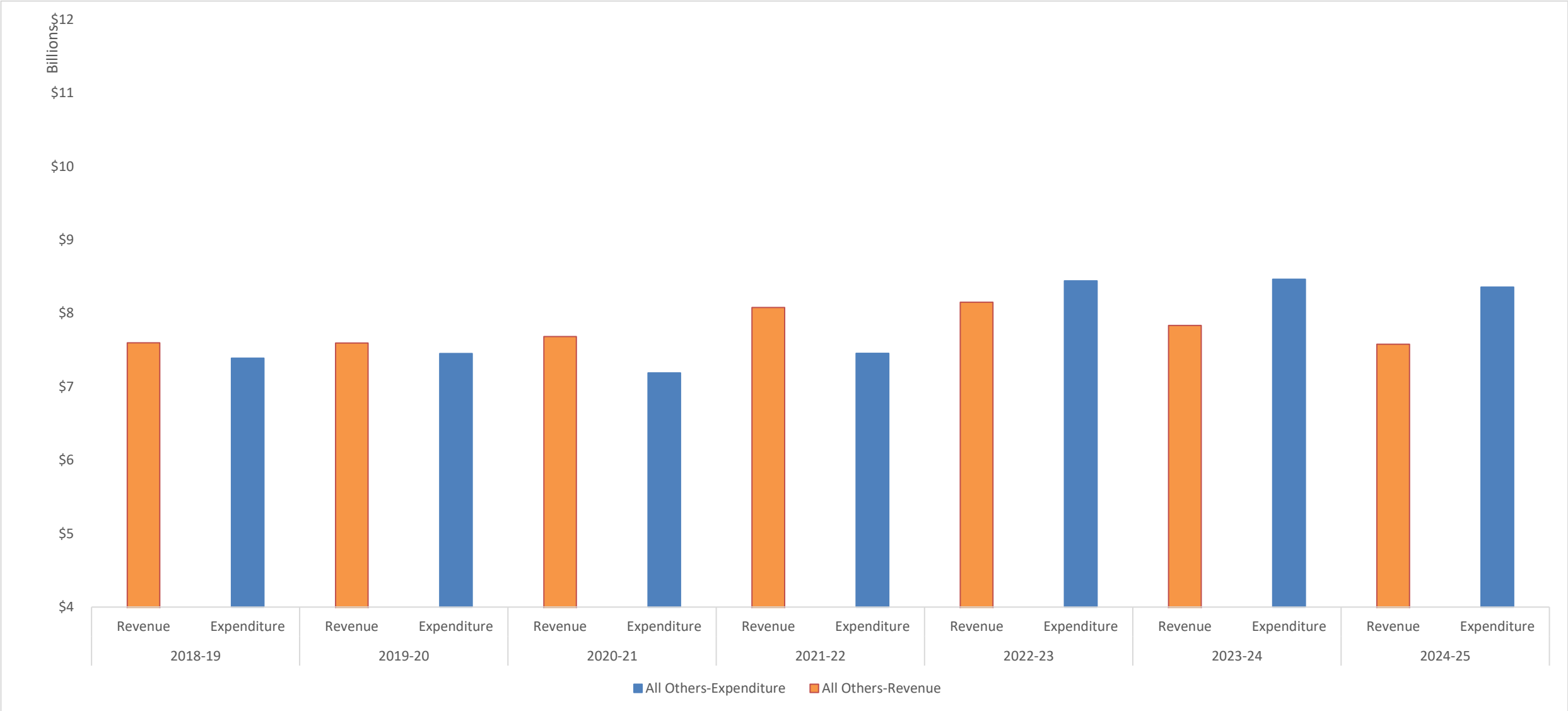
Totals include both filled and vacant positions. These positions include bus drivers, technology support, central office, local district, and Community of Schools staff. Prior year data is as of Jan 1 of each respective year; current year data as of 2-22-22.

89% of Our Spending is On People

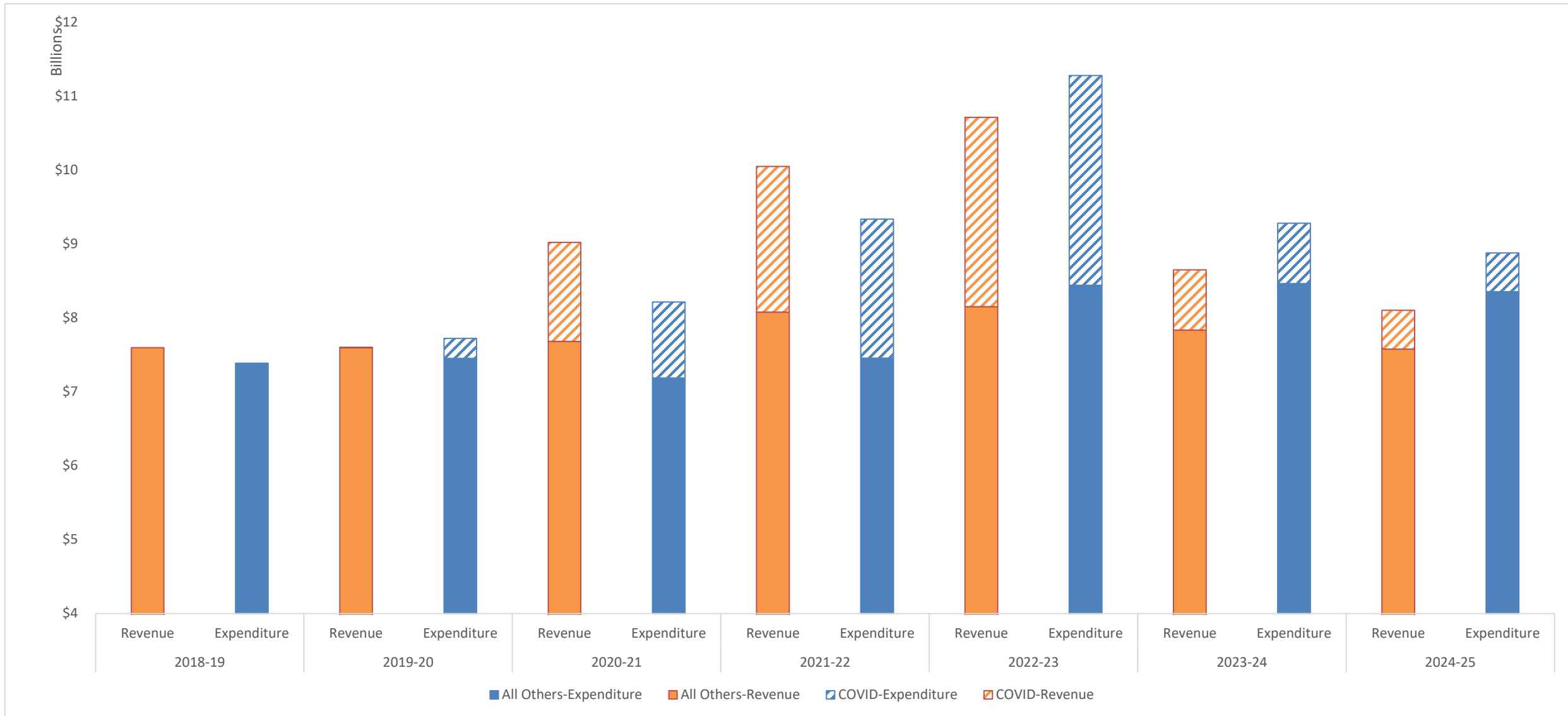


Source: YTD 2021-22 Actual Expenditures, General Fund Restricted and Unrestricted

Revenues Projected to Decline, While Expenditures Are Projected To Increase

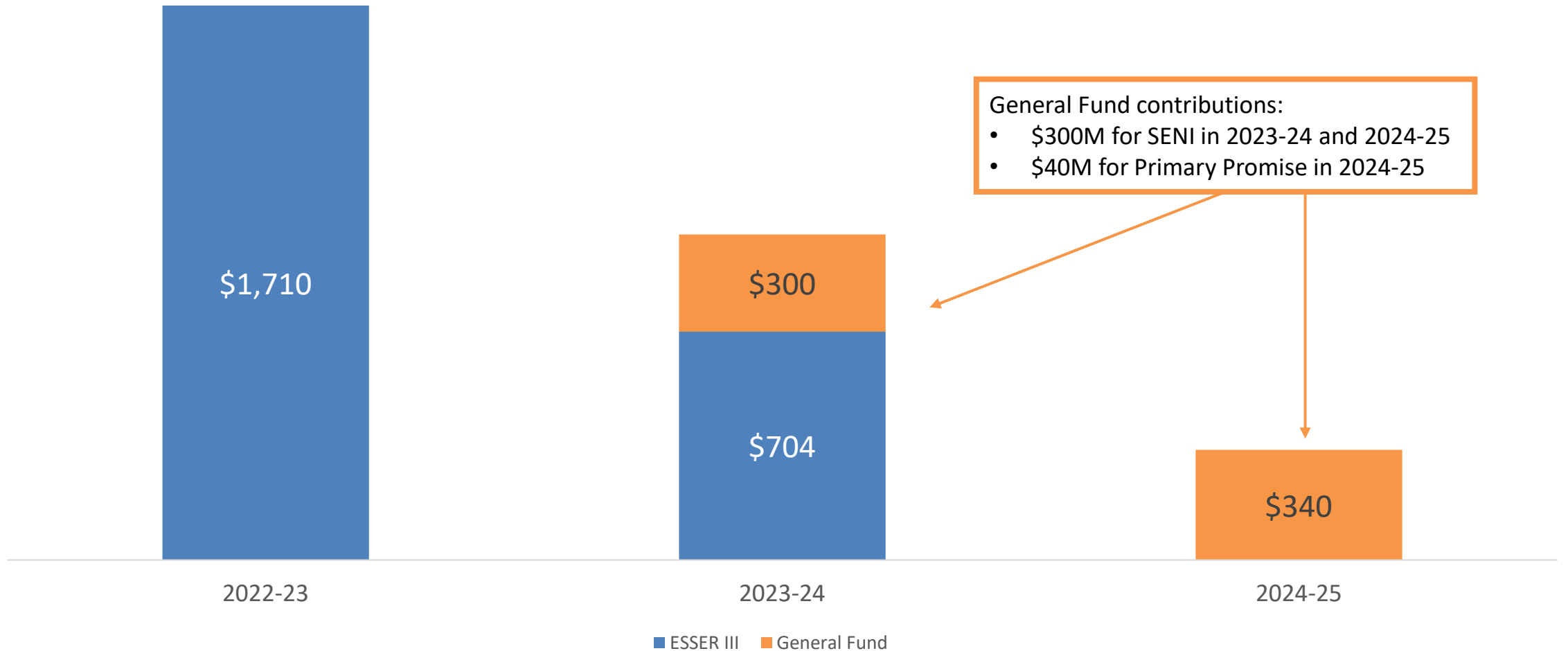


District Budget Boosted by COVID Funds



ESSER III Programs Funding Plan through 2024-25

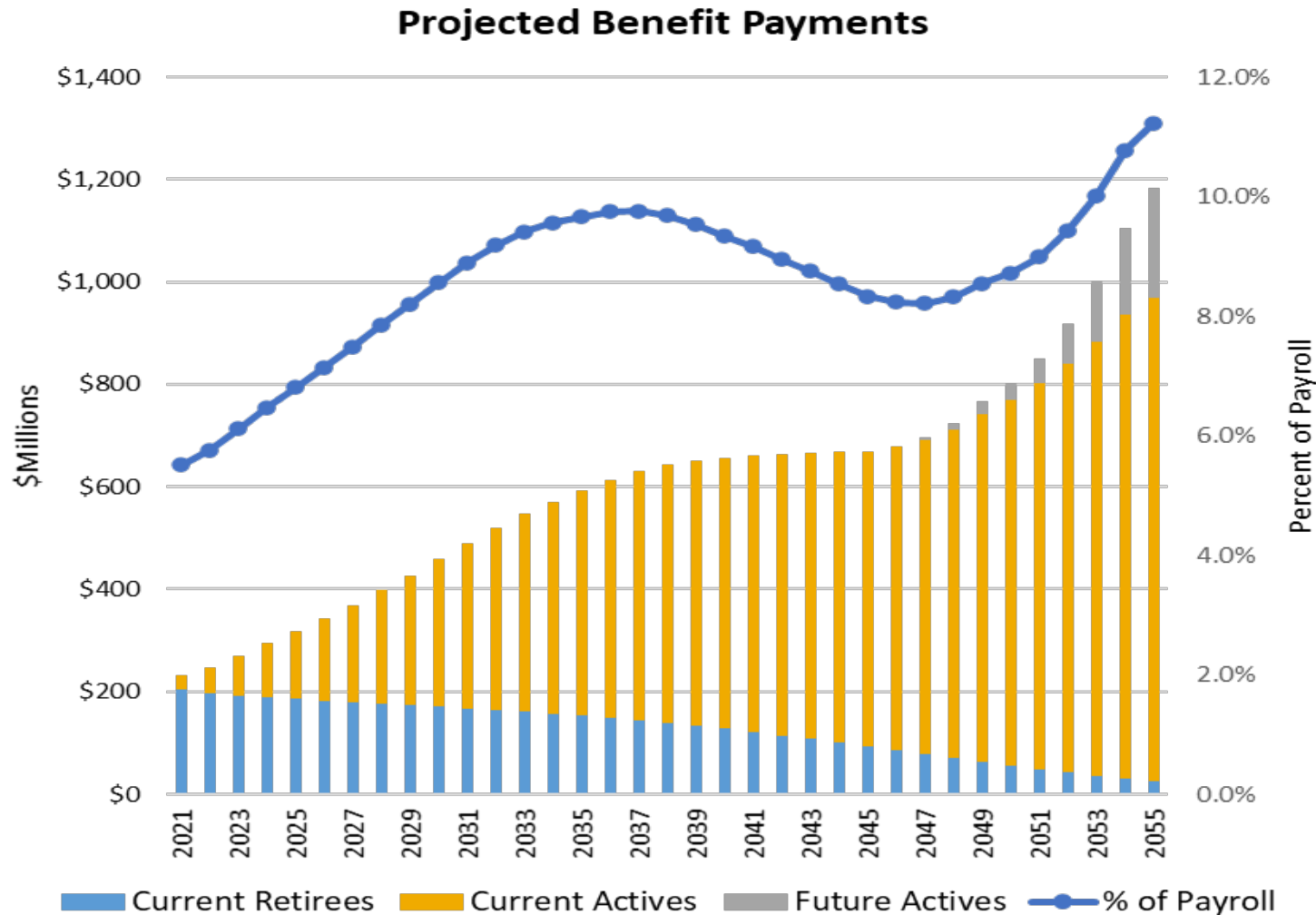
Current funding assumptions



Central Office Annual Budget Review

- Central office budgets must be reduced over time to align with the decline in enrollment
- Transition central office departments to values-based budget, requiring annual funding justification. Unapproved amounts would be available for reallocation to schools and other District priorities
- Budget variances will be reviewed and reconciled quarterly
- Commence zero-based budgeting in 2023-24

OPEB Benefit Payments Projected to Grow as a Share of Budget



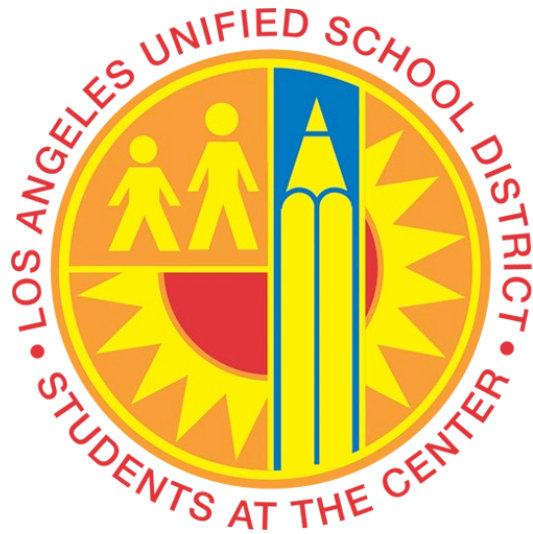
- Benefit payments are expected to rise quickly in the next few years, both in nominal amounts and relative to payroll
- The majority of future benefit payments are attributable to current active employees
- \$211M additional annual contribution required to fund current liability over 30 years
- Future hires based on current active provisions¹

¹ Future hire benefit payments assume level active population projection

Capital Planning

- General Fund currently includes:
 - \$6M/year for white fleet replacement
 - \$12M/year for other capital needs

- District's current unfunded capital needs are being determined as part of the 100-Day Plan



Thank You