Budget Workshop

Committee of the Whole

May 17, 2022
Agenda

• Guiding Principles for Budget Development

• Multi-Year Projection

• Guiding Principles In Action
  
  o Improve Student Achievement

  o Spend Funds on the Students that Generate Them

  o Build Towards Long-Term Sustainability
## Guiding Principles for Budget Development

| Improve student achievement | • Address the immediate needs in our schools  
<table>
<thead>
<tr>
<th></th>
<th>• Strategically use one-time funds and continue progress monitoring to pivot strategies, as needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend funds on the students that generate them</td>
<td>• Ensure that spending meets the immediate needs of students</td>
</tr>
<tr>
<td>Protect our highly effective workforce</td>
<td>• Maintain staffing levels necessary to meet the needs of our students</td>
</tr>
</tbody>
</table>
| 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

- **5/24**
  - Strategic Plan Retreat 1

- **6/9**
  - Strategic Plan Retreat 2

- **6/14**
  - Budget Hearing

- **6/21**
  - Budget Adoption
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

Unassigned/Undesignated Ending Balances

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2021-22</td>
<td>$1,433</td>
</tr>
<tr>
<td>2022-23</td>
<td>$1,120</td>
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<tr>
<td>2023-24</td>
<td>$784</td>
</tr>
<tr>
<td>2024-25</td>
<td>$743</td>
</tr>
</tbody>
</table>

As of 5/17
Multi-Year Projection with OPEB Trust Contributions

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
  o 5/24 – Strategic Plan retreat 1
  o 6/9 – Strategic Plan retreat 2
  o 6/14 – Budget and LCAP Hearing
  o 6/21 – 100-Day Plan to be presented to Board
  o 6/21 – Strategic Plan adopted by Board
  o 6/21 – Budget and LCAP Adoption

• Fiscal impact of new or expanded programs will be offset by corresponding reductions in the budget
  o This could include that strategic reallocation of COVID funds
Staffing Alignment Priorities

• Fill classroom teacher vacancies first
  o Priority for hardest-to-staff sites

• Align District’s Administrator-to-Teacher ratio with state requirements
  o Review all out-of-classroom administrator positions
  o Reduce ratio below 8% cap

• Optimize central office positions that support schools

• Quarterly budget-to-actuals variance review
COVID-19 Federal & State Grants

**Federal Funding - $4.8B**

- In-Person Instruction Grant
  - $178M (spent-$122.5M; available-$55.5M) expiration date 9/30/2024

- Expanded Learning Opportunities Grant
  - $395M (spent-$162M; available-$233M)[$71.5M expiration date 9/30/23; $323.4M expiration date 9/30/24]

- CARES Act – GEER LLMF
  - $32M (spent-$31.9M; private school availability $0.1M) expiration date 9/30/22

- CARES Act – ESSER I
  - $290M (spent-$289.3M; private school availability $0.7M) expiration date 9/30/22

- ARP Act - Emergency Connectivity Fund
  - $198M (spent-$38.4M; available $159.6M) expiration date 6/30/23

- ARP Act - Screening Testing for Schools
  - $82.2M (spent-$82.2M) expiration date 7/31/22

- ARP Act - ESSER III
  - $2.57B (spent-$0; available $2.57B) expiration date 9/30/24

- Expanded Learning Opportunity Program - $243M (available $243M) expiration date 6/30/23

- Expanded Learning Opportunity Program - $140M (available $140M) (TBD)

- LEA Response Fund
  - $7.9M (spent-$2.4M; available-$5.5M) expiration date not specified

**State Funding – $1.2B**

- California Community Schools Partnership Program
  - $6M (spent-$2.1M; available-$3.9M) expiration date 9/30/22

- CRRSA Act - ESSER II
  - $1.15B (spent-$1.27B) expiration date 9/30/23

- Expanded Learning Opportunity Program - $140M (available $140M) (TBD)

- Special Education Dispute Prevention and Learning Recovery Support
  - $56M (spent-$19M; available-$37M) expiration date 6/30/23

- Data as of 5/11/22

**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.
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**

All ESSER III funds earmarked for 2022-23 and 2023-24
### ESSER III Budget Updates

#### I. Strategies for Continuous and Safe In-Person Learning

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Proposed 22-23</th>
<th>Proposed 23-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVID-19 Testing, Contact Tracing, and Vaccinations</td>
<td>$272M</td>
<td>$62M</td>
</tr>
<tr>
<td>Facility Upgrades and Custodial Staffing</td>
<td>$104M</td>
<td>$4M</td>
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<tr>
<td>Personal Protective Equipment</td>
<td>$7M</td>
<td>$3M</td>
</tr>
</tbody>
</table>

Note: Funding amounts are rounded to the nearest $ million
## ESSER III Budget Updates

### II. Strategies for Addressing Lost Instructional Time

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

*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

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

*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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SENI New Allocation</td>
<td>$263,000,000</td>
<td>$340,000,000</td>
<td>$700,000,000</td>
<td>$1,091,000,000</td>
</tr>
<tr>
<td>Per Pupil</td>
<td>$554</td>
<td>$576</td>
<td>$1,627</td>
<td>$2,646</td>
</tr>
<tr>
<td>Total SENI w/ Carryover</td>
<td>$263,000,000</td>
<td>$339,837,243</td>
<td>$793,763,798</td>
<td>$1,091,376,908</td>
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<tr>
<td>Total SENI Per Pupil</td>
<td>$554</td>
<td>$744</td>
<td>$1,845</td>
<td>$2,646</td>
</tr>
</tbody>
</table>

### Table Breakdown

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
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<tr>
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As SENI allocations have increased, more of the total underspending has been attributable to non-labor budgets.

Non-Labor includes professional services.
Projected 2021-22 SENI Underspend Varies Little by School Type

- % Carried Over by SENI Quintile:
  - 1 - HIGHEST: 52%
  - 2 - HIGH: 48%
  - 3 - MODERATE: 45%
  - 4 - LOW: 47%
  - 5 - LOWEST: 39%

- % Carried over by School Type:
  - 1 - Elementary: 49%
  - 2 - Middle School: 45%
  - 3 - High School: 45%
  - 4 - Span School: 44%

- % Carried Over by LD:
  - C: 50%
  - E: 46%
  - NE: 47%
  - NW: 42%
  - S: 48%
  - W: 49%

- % Carried Over by School Size (Enrollment):
  - 250-299: 50%
  - 300-749: 48%
  - 750-999: 49%
  - 1000-1249: 45%
  - 1250-1599: 45%
  - 1600-1999: 43%
  - 2000-2499: 42%
  - 2500-2999: 50%
  - 3000-3499: 50%
  - 3500-3999: 45%
Build Towards Long-Term Fiscal Sustainability
Enrollment Declining Statewide, and At a Steeper Rate at LA Unified

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

- Salary, 55%
- Health Benefits, 9%
- Pension, 12%
- Other Fringe Benefits, 3%
- Non-District Personnel, 10%
- Other, 11%
  - Textbooks
  - Testing
  - Supplies
  - Technology
  - Utilities

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

[Graph showing revenue and expenditure from 2018-19 to 2024-25 with shaded sections for All Others, COVID-Expenditure, and COVID-Revenue.]
ESSER III Programs Funding Plan through 2024-25

Current funding assumptions

- **General Fund contributions:**
  - $300M for SENI in 2023-24 and 2024-25
  - $40M for Primary Promise in 2024-25

<table>
<thead>
<tr>
<th>Year</th>
<th>ESSER III</th>
<th>General Fund</th>
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<tr>
<td>2022-23</td>
<td>$1,710</td>
<td></td>
</tr>
<tr>
<td>2023-24</td>
<td>$704</td>
<td>$300</td>
</tr>
<tr>
<td>2024-25</td>
<td>$340</td>
<td></td>
</tr>
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</table>
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
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 provisions.\(^1\)

\(^1\) Future hire benefit payments assume level active population projection.
Capital Planning

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

• District’s current unfunded capital needs are being determined as part of the 100-Day Plan
Thank You