Agenda

• Guiding Principles for Budget Development

• Multi-Year Projection

• Guiding Principles In Action
# 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  
|                                                 | • Ensure an equitable distribution of resources |
| 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

5/24
Strategic Plan Retreat 1

6/9
Strategic Plan Retreat 2

6/14
Budget Hearing

6/21
Budget Adoption

100-Day Plan

LCAP and Strategic Plan
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 Revision

Unassigned/Undesignated Ending Balances

<table>
<thead>
<tr>
<th></th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
<th>2024-25</th>
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</thead>
<tbody>
<tr>
<td>Millions</td>
<td></td>
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<tr>
<td>2P</td>
<td>$1,433</td>
<td>$1,120</td>
<td>$784</td>
<td>$743</td>
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<td>As of 5/17</td>
<td>$742</td>
<td>$426</td>
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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 Revision
Multi-Year Projection with May Revision COLA

MYP includes:
- 6.56% COLA from May Revision

MYP does not include:
- Changes in compensation
  - Salary increases
  - Health Benefits Agreement
  - OPEB Contributions
- Required compliance costs
- New strategic priorities

As of 5/17
Multi-Year Projection with May Revision COLA and OPEB Trust Contributions

MYP includes:
- 6.56% COLA from May Revision
- 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
Improve Student Achievement
100-Day Plan and Strategic Plan

• Upcoming schedule
  o 5/24 – Strategic Plan retreat 1
  o TBD – 100-Day Plan
  o 6/9 – Strategic Plan retreat 2
  o 6/14 – Budget and LCAP Hearing
  o 6/21 – Adoption of Strategic Plan, Budget, and LCAP

• 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

**State Funding** – $1.2B

**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

- **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

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

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

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

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

- **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

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

**Data as of 5/11/22**

**Liquidation**
- 12/29/22
- 1/28/23
- 1/28/24
- 1/28/25

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.

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

**SY 2020-21**
- GF LLMF $48M (spent-$48M) expiration date 6/30/21

**SY 2021-22**
- CARES Act CRF LLMF $489M (spent-$489M) expiration date 5/31/21

**SY 2022-23**
- CARES Act – GEER LLMF $32M (spent-$31.9M; private school availability $0.1M) expiration date 9/30/22

**SY 2023-24**
- CARES Act – ESSER I $290M (spent-$289.3M; private school availability $0.7M) expiration date 9/30/22

**SY 2024-25**
- CRRSA Act – ESSER II $1.15B (spent-$1.27B) expiration date 9/30/23

**SY 2023-24**
- ARP Act - ESSER III $2.57B (spent-$0; available $2.57B) expiration date 9/30/24

**SY 2024-25**
- ARP Act - Screening Testing for Schools $82.2M (spent -$82.2M) expiration date 7/31/22

**SY 2025-26**
- ARP Act – Emergency Connectivity Fund $198M (spent-$38.4M; available $159.6M) expiration date 6/30/23

**SY 2026-27**
- Expanded Learning Opportunity Program - $243M (available $243M) expiration date 6/30/23

**SY 2027-28**
- Expanded Learning Opportunity Program - $140M (available $140M) (TBD)

**SY 2028-29**
- Expanded Learning Opportunity Program - $140M (available $140M) (TBD)

**SY 2029-30**
- Special Education Dispute Prevention and Learning Recovery Support $56M (spent-$19M; available $37M) expiration date 6/30/23

**SY 2030-31**
- LEA Response Fund $7.9M (spent-$2.4M; available-$5.5M) expiration date not specified
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>
</tr>
<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>
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<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>
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<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>
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<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>
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<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>
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<tr>
<td>Student Attendance and Enrollment</td>
<td>$4M</td>
<td>$1M</td>
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<tr>
<td>Summer School*</td>
<td>$0.2M</td>
<td>$0.2M</td>
</tr>
<tr>
<td>Early Childhood Education*</td>
<td>$0</td>
<td>$0M</td>
</tr>
</tbody>
</table>

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

*Alternate funding source identified for these expenses.
## ESSER III Budget Updates

### III. Use of Remaining Funds

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Proposed 22-23</th>
<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>
</tr>
<tr>
<td>Employee Wellness</td>
<td>$4M</td>
<td>$4M</td>
</tr>
<tr>
<td>Strategic Data and Program Evaluation</td>
<td>$4M</td>
<td>$4M</td>
</tr>
<tr>
<td>Transportation*</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</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
Questions/Discussion
Spend Funds on the Students That Generate Them
## SENI Funding and Carryover

### SENI Budget & Carryover from Prior Year

<table>
<thead>
<tr>
<th>Period</th>
<th>SENI New Allocation</th>
<th>Per Pupil</th>
<th>Total SENI w/ Carryover</th>
<th>Total SENI Per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019-20</strong></td>
<td>$263,000,000</td>
<td>$554</td>
<td>$263,000,000</td>
<td>$554</td>
</tr>
<tr>
<td><strong>2020-21</strong></td>
<td>$263,000,000</td>
<td>$576</td>
<td>$339,837,243</td>
<td>$744</td>
</tr>
<tr>
<td><strong>2021-22</strong></td>
<td>$700,000,000</td>
<td>$1,627</td>
<td>$793,763,798</td>
<td>$1,845</td>
</tr>
<tr>
<td><strong>2022-23</strong></td>
<td>$700,000,000</td>
<td>$1,697</td>
<td>$1,091,376,908</td>
<td>$2,646</td>
</tr>
</tbody>
</table>

### Table:

<table>
<thead>
<tr>
<th>Amounts in Millions</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENI New Allocation</td>
<td>$263</td>
<td>$340</td>
<td>$794</td>
<td>$1,091</td>
</tr>
<tr>
<td>Per Pupil</td>
<td>$554</td>
<td>$576</td>
<td>$1,627</td>
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<td>Total SENI w/ Carryover</td>
<td>$263</td>
<td>$339,837,243</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>
SENI Budget-to-Actuals

% of Underspend Attributable to Labor vs. Non-Labor

- 2019-20:
  - Non-Labor: 65%
  - Labor: 35%
- 2020-21:
  - Non-Labor: 68%
  - Labor: 32%

- 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: 51%
  - 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)
  - 1-250: 50%
  - 251-300: 48%
  - 301-350: 49%
  - 351-400: 45%
  - 401-450: 45%
  - 451-500: 43%
  - 501-550: 42%
  - 551-600: 50%
  - 601-650: 40%
  - 651-700: 50%
  - 701-750: 45%
Questions/Discussion
Build Towards Long-Term Fiscal Sustainability
Hire now, fire later. Schools flush with cash face a funding cliff in 2 years
School hiring and wage hikes could spark cuts when federal funds expire.

California districts anticipate major hits to their 2022-23 budgets as enrollments drop

California schools face funding crisis as student population declines

Public Schools Face Funding ‘Death Spiral’ as Enrollment Drops
Enrollment Declining Statewide, and At a Steeper Rate at LA Unified

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

Projected K-12 Enrollment Decline
2021-22 to 2030-31

California: -9%
LA County: -19%
LAUSD: -28%

Source: California and LA County projections from CA Department of Finance, LAUSD projections from LAUSD Budget Services
Over the Past Five Years, School-Based 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%
- **Other Fringe Benefits**: 3%
- **Pension**: 12%
- **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

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Billions)</th>
<th>Expenditure (Billions)</th>
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</thead>
<tbody>
<tr>
<td>2018-19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019-20</td>
<td></td>
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<td>2020-21</td>
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<td>2021-22</td>
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<td>2023-24</td>
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<tr>
<td>2024-25</td>
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</tr>
</tbody>
</table>

The chart shows the comparison of Revenue and Expenditure for different years, with a specific emphasis on COVID-related funds.
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
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.

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
Highlights

• Enrollment declining faster than statewide averages

• Expiration of one-time state and federal funds

• Long-term liabilities are growing

• We cannot continue to kick the can down the road, as the can is getting bigger and the road shorter
Thank You