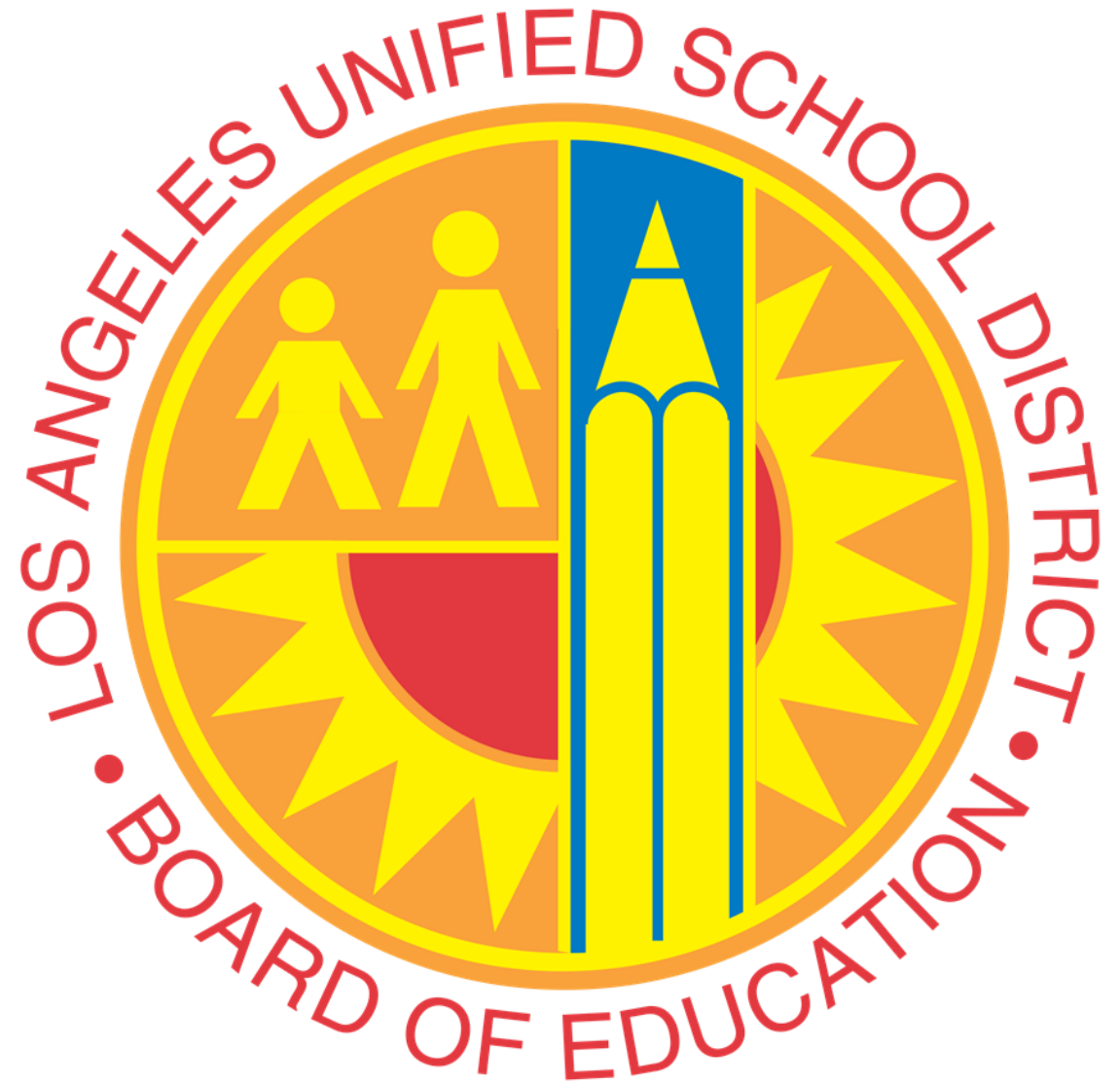


Budget Update

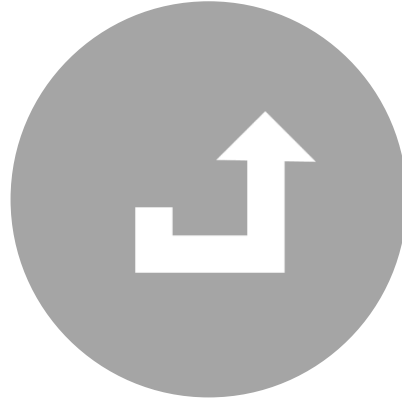
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May 19, 2020





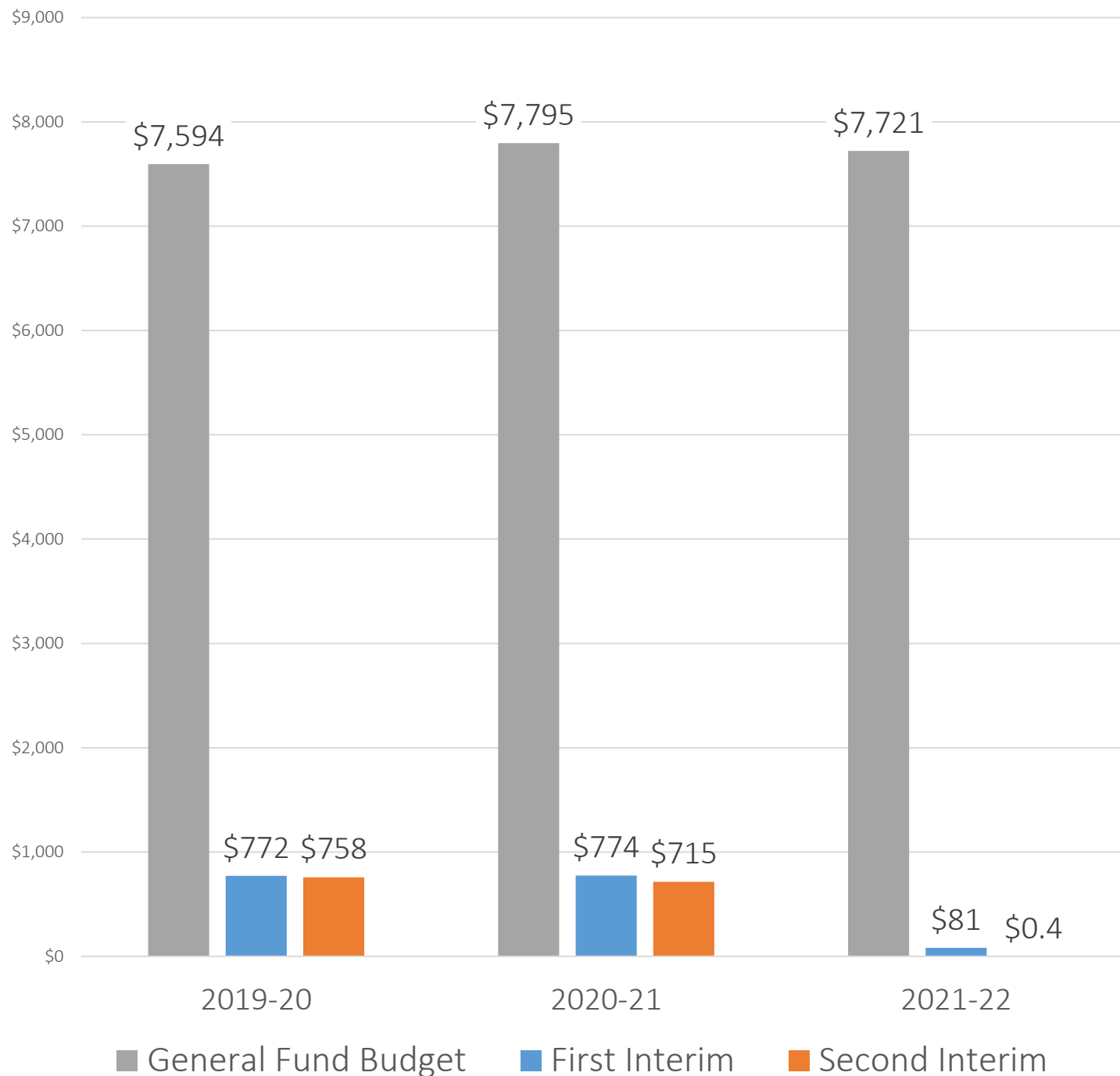
SECOND INTERIM RECAP



COVID-19 FISCAL IMPACT



MAY REVISION ANALYSIS



General Fund Budget and Unassigned Balances at Second Interim

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 Our Preexisting Challenges

Before the pandemic



A higher bar for student learning and greater needs



Structural deficit



Declining enrollment

The Pandemic is Highlighting Our Preexisting Challenges

After the pandemic



A higher bar for student learning and greater needs



Structural deficit



Declining enrollment

} Greater depth, breadth, and inequity of student need

} Increased spending to support COVID-19 response

} Economic uncertainty

LAUSD Responds to COVID-19

- Prioritizing Health & Safety
- Providing Safety Net
- Technology Support
- Continuity of Instruction

COVID-19 Budget Impact

| Focus Area | Service | Cost | Identified Funding | Unreimbursed |
|-------------------|------------------------|---------------|--------------------|--------------|
| Health and Safety | | \$ 47 | \$ 47 | \$ - |
| Safety Net | Children | 90 | 90 | - |
| | Adult | 33 | 0 | 33 |
| | Homeless and Childcare | 3 | 3 | - |
| | Operations | 72 | 43 | 29 |
| Technology | | 99 | 99 | - |
| Instruction | Training | 36 | 36 | - |
| | Substitutes | 50 | 50 | - |
| | Summer School | 103 | 103 | - |
| | Materials | 7 | 7 | - |
| Total | | \$ 540 | \$ 478 | \$ 62 |

Projected expenditures through June 30, 2020, except for meals, summer school, and reopening of schools, which are projected through August 14, 2020. The costs are inclusive of all funds, including General Fund, Café, Bond, Federal Stimulus, and State Relief.

Dollars in millions

COVID-19 Relief Funds

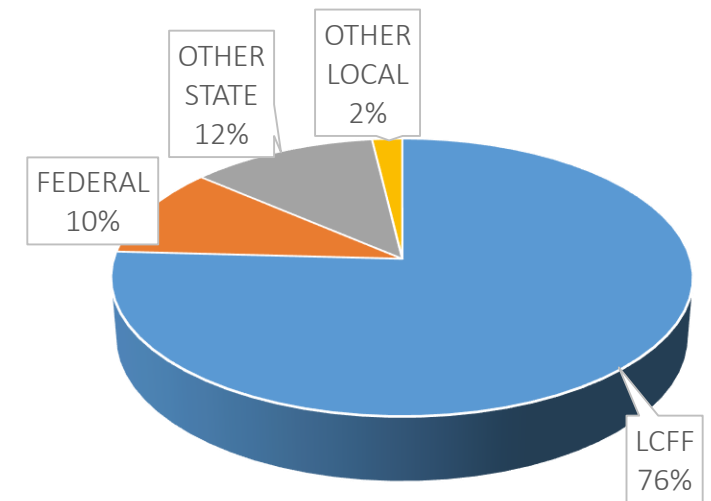
- Federal CARES Act for Education \$ 291.2M
- California LEA Response Fund \$ 7.9M
- FEMA – preliminary estimate at \$ 62.0M

Changes at May Revision for FY 2020-21

| | |
|---|----------|
| COLA | (\$115M) |
| K-12 LCFF Funding | (\$384M) |
| Lottery Funding | (\$14M) |
| Grants | (\$26M) |
| Pension Contributions | \$71M |
| Special Education Revenue | \$18M |
| <u>Changes to be determined</u> | |
| Home to School Transportation | (\$--) |
| Targeted Instruction Improvement Grant | (\$--) |
| Corona Virus Relief Earmarked by Governor for Education | \$-- |
| Federal Heroes Act | \$-- |

LAUSD General Fund Unrestricted & Restricted Revenues

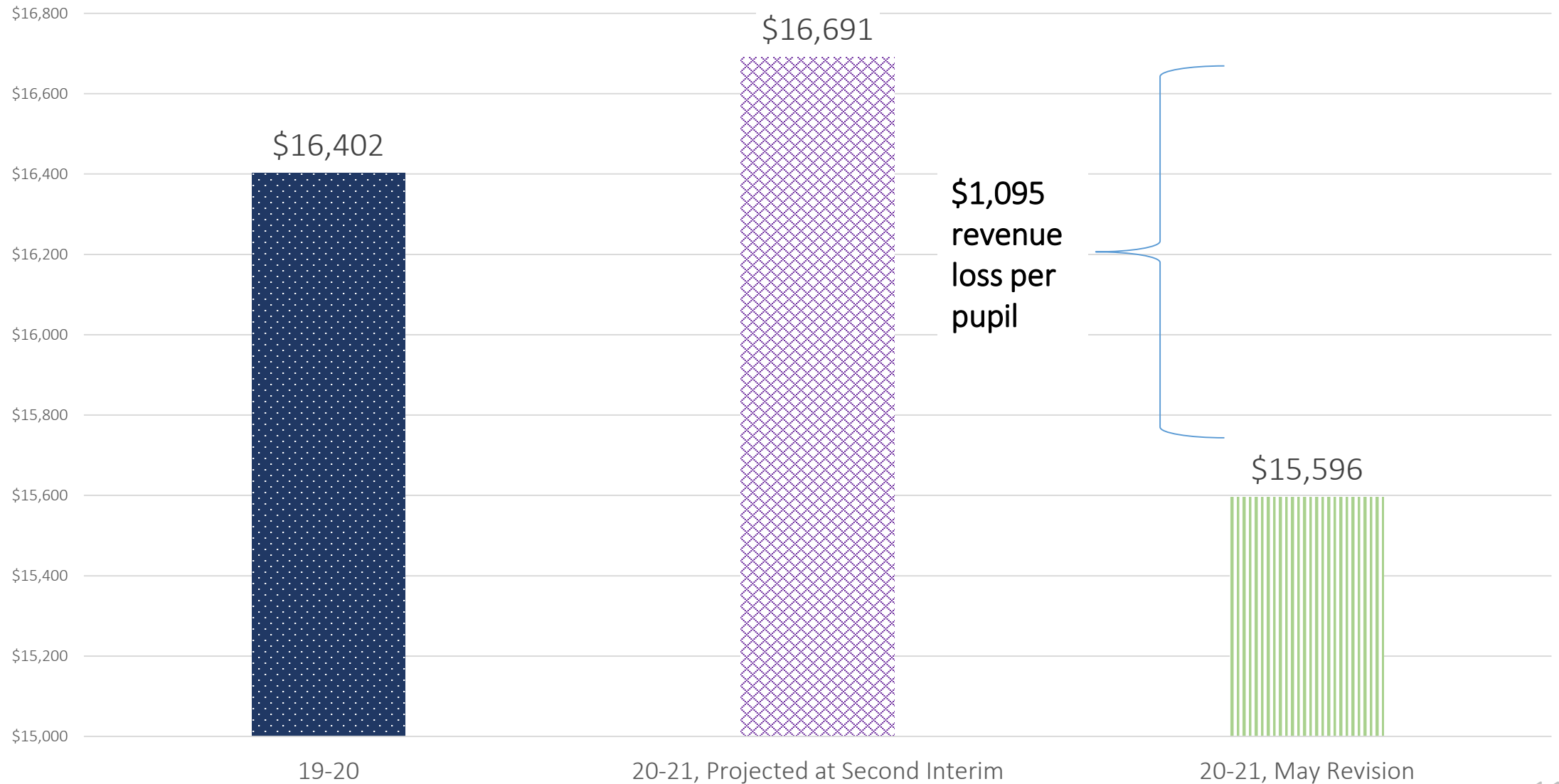
| Source | 2020-21 2nd Interim | 2020-21 May Revision | Difference | % |
|-------------|------------------------|-------------------------|------------|------|
| LCFF | \$5,646 | \$5,146 | (\$500) | (9%) |
| Federal | 662 | 662* | 0 | 0% |
| Other State | 880 | 873 | (7) | (1%) |
| Other Local | 139 | 139* | 0 | 0% |
| TOTAL | \$7,327 | \$6,820 | (\$507) | (7%) |



Dollars in millions

* Other estimates pending, including impact on Federal and Local sources

Per Pupil Revenue Impact



Revised Projections

- Projections were updated to reflect the impact of the COVID-19 pandemic.
- Revised projections show a negative General Fund balance in 2022-23.



May Revision General Fund Forecast - Ending Balance in 2023

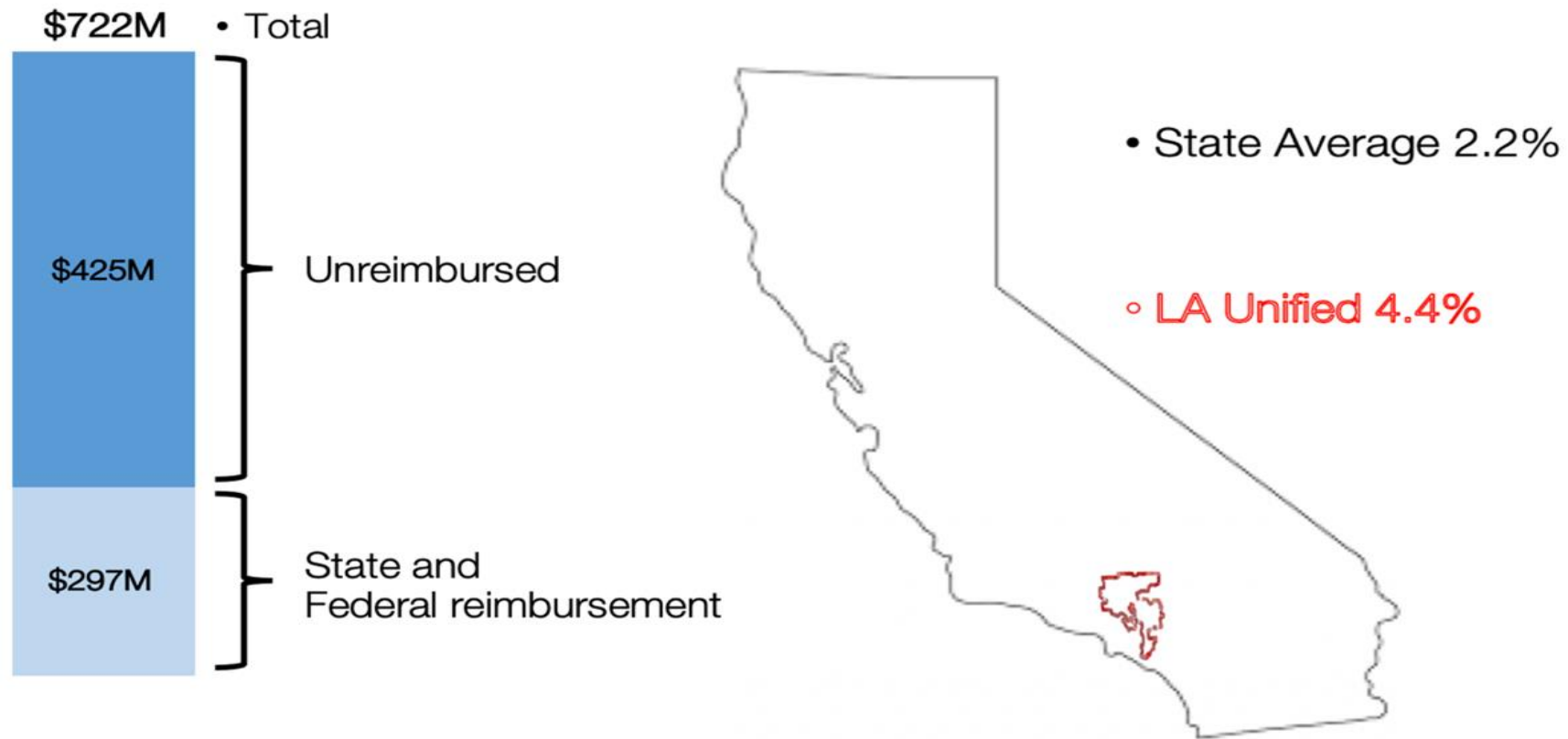
| Description | Amount |
|--|--------------|
| Ending Balance on June 30, 2022 at 2 nd Interim, March 10, 2020 | \$ 0.4 |
| Adding 2022-23 School Year | (956) |
| Unreimbursed COVID-19 Costs | (334) |
| CARES Act and LEA Response Fund | 299 |
| Workload Budget (COLA for FY 2020-21 at 0%) | (115) |
| May Revision (Reductions beyond Zero COLA) | (1,246) |
| Enrollment Forecast | 286 |
| Budget to Actual Variances | 407 |
| <u>Potential Adjustments:</u> | |
| Health and Welfare Contract Reserve | 167 |
| Reserve for Compensation | 408 |
| OPEB | 50 |
| Carryovers | 584 |
| Real Estate | 100 |
| Primary Promise | <u>(100)</u> |
| Ending Balance, June 30, 2023 | (\$ 450) |

Advocacy for Education



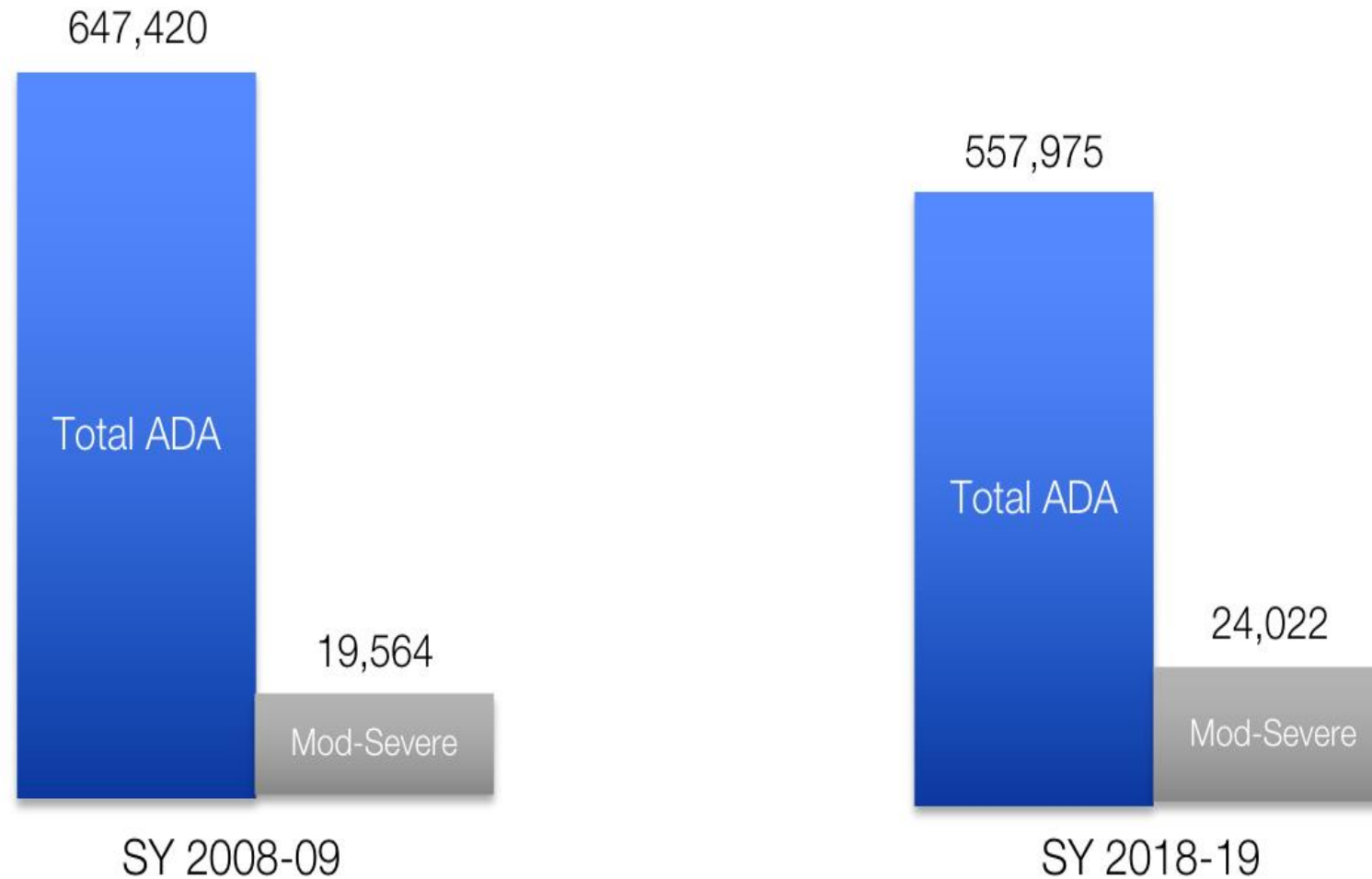
- Special Education funding
- Move from ADA funding model to enrollment-based
- Universal access to devices and internet
- Release Rainy Day Fund to minimize impact to K-12 education
- Personal Protective Equipment
- Funding for summer school and the reopening of schools
- Protection from potential liability from individuals contracting the virus
- Approval to sell non-school property

LA Unified Serves An Outsized Share of Students with Moderate to Severe Disabilities



Moderate to severe students with disabilities make up 4.4% of LA Unified SELPA's total population; the statewide average is 2.2%.

LA Unified Has Declining Enrollment, But Students with Moderate to Severe Disabilities Are Increasing



Our Neediest Students Deserve Their Fair Share

May Revision Proposal

Serves all students with disabilities - not based on need

\$493M Statewide

LA Unified SELPA Serves 16% of California's Moderate to Severe Students

LA Unified SELPA receives **6%** of Available Funding

\$29M

Fair Share Proposal

Supports the needs of Moderate/Severe Students

\$493M Statewide

LA Unified SELPA Serves 16% of California's Moderate to Severe Students

LA Unified SELPA receives **16%** of Available Funding

\$78M

These figures do not reflect adjustments for Special Education COLA. After adjusting for COLA, LA Unified SELPA's allocation is expected to be \$22M.

Budget Calendar

- May 14, 2020 – May Revision
- June 15, 2020 – State Adoption of Budget
- June 16, 2020 – Board Adoption of Preliminary Budget
- August 2020 – Possible Revision to the State Budget
- December 15, 2020 – LCAP Adoption
- January 10, 2021 – FY 2021-22 State Proposed Budget
- March 15, 2021 – Second Interim Financial Report for 2020-21

Fiscal Outlook

- FY 2020-21 Budget is Balanced
- Future COLAs unknown
- State August Revision
- Challenging 2021-22 and future budgets



KEEP
CALM
AND
BUDGET ON

Budget Update

Presented to the Board of
Education

May 19, 2020

