

Los Angeles Unified School District

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Second Interim Financial Report Fiscal Year 2020-21

Board of Education Presentation
March 9, 2021



Second Interim Overview

- An update to the current fiscal year 2020-21 budget, and a forecast of the next two fiscal years
- A legal requirement in compliance with Ed Code Section 42100 and a sound fiscal prudence practice
- To be filed with the County of Superintendent of Schools on or before March 15, 2021
- Board is requested to certify LA Unified's financial condition as "Positive," meaning that it shall meet its financial obligations in fiscal year 2020-21 and two subsequent years.

LACOE Comments from First Interim

- Deficit spending in the current and subsequent two fiscal years
- Declining enrollment is negatively impacting revenue sources and LA Unified should continue to monitor enrollment trends and adjust staffing needs and facilities planning
- Continue to monitor cash flow and any impacts from State deferrals

Highlights

- The Second Interim Report projects a General Fund (unassigned/unrestricted) ending balance of \$1.2 billion in 2020-21 which is \$225 million higher than first interim
 - Due primarily to lower costs than forecasted due to delayed in-person schooling:
 - \$13.8M - Transportation, \$341.7M - Reopening Cost, and \$14.8M - Adult Meal Participation
- No TRANS issuance as part of the 2020-21 budget forecast based upon anticipated cash deferrals from the State

Overall State Outlook

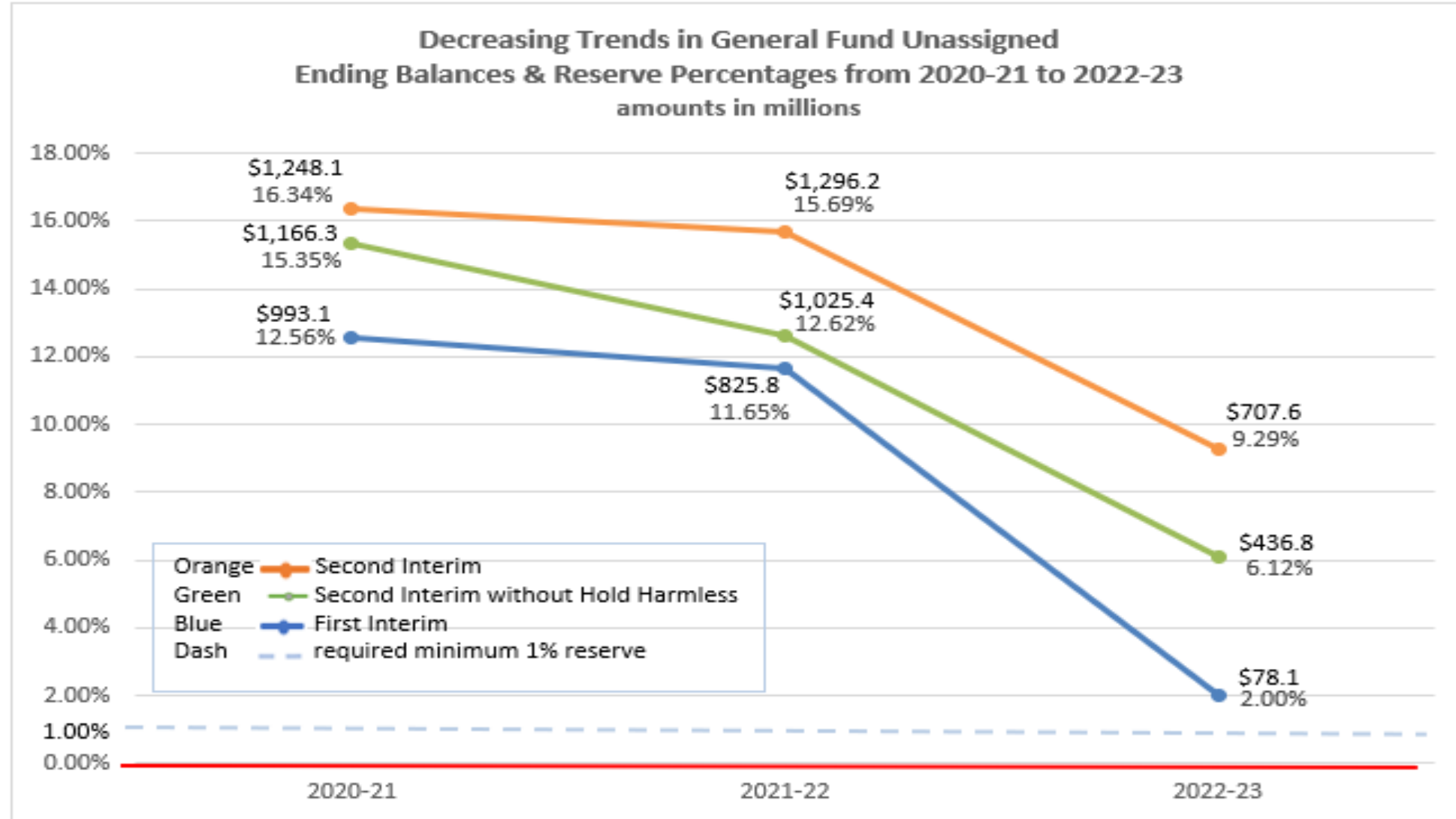
- Overall State outlook is more positive than the First Interim
- State will include more than \$6B for the Safe Reopening of Schools and Expanded Learning Opportunities
- Since Governor's proposed budget in January, revenue outlook has improved by \$13B
- Long-term deficit spending lowers future expectations for state expenditures

LA Unified Fiscal Outlook

- LA Unified continues to face a structural deficit in Unrestricted General Funds
- Challenges in the timing for the reopening of schools may result in increased costs
- Enrollment continues to decline, but is temporarily mitigated by the “hold harmless*” provision that is in effect through fiscal year 2021-22
 - Average Daily Attendance (ADA) used to calculate revenue is kept at the same level as 2019-20

*Senate Bill 98 Enacted State Budget includes “hold harmless” provision for the purpose of calculating apportionment.

General Fund Ending Balance Trends



General Fund Unassigned/Unrestricted Ending Balances

(Dollars in Millions)	2020-21	2021-22	2022-23
Estimated Ending Balances at First Interim	\$993.1	\$825.8	\$78.1
Changes	255.0	470.4	629.5
Estimated Ending Balances at Second Interim	\$1,218.1	\$1,296.2	\$707.6

Potential New Federal and State Revenues

One-time Revenues

Revenue	Federal		State			Total		
	ESSER II	Total Federal	Expanded Learning Time and Academic Intervention Grants	In-Person Learning Grant	Total State	Federal	State	Total 1x Funds
\$1,148.3	\$1,148.3	\$1,148.3	\$365.0	\$275.0	\$640.0	\$1,148.3	\$640.0	\$1,788.3

- Between the 2nd Federal COVID relief (ESSER II) and potential State one-time funds, LA Unified has the potential to gain ~\$1.8B in one-time funding
- Most, or all, of this funding will be directed to the additional costs of re-opening schools and supports for students

Potential School Reopening Costs for 2021-22

COVID-19 Safety	\$384
COVID-19 Testing & Contact Tracing	
Custodial	
PPE	
Transportation	
Upgraded Ventilation	
Vaccinations	
Mental Health	170
Mental Health Support	
Instruction	1,220
Child Care & Enrichment	
College and Career Readiness	
Computers & Internet Access	
Extended School Year	
Hybrid Instruction	
Online Learning Technology & Content	
Primary Promise	
Professional Development	
Summer School	
Tech Helpdesk	
Tutoring & Small Group Instruction	
Special Education	140
Direct services to students	
Update IEPs	

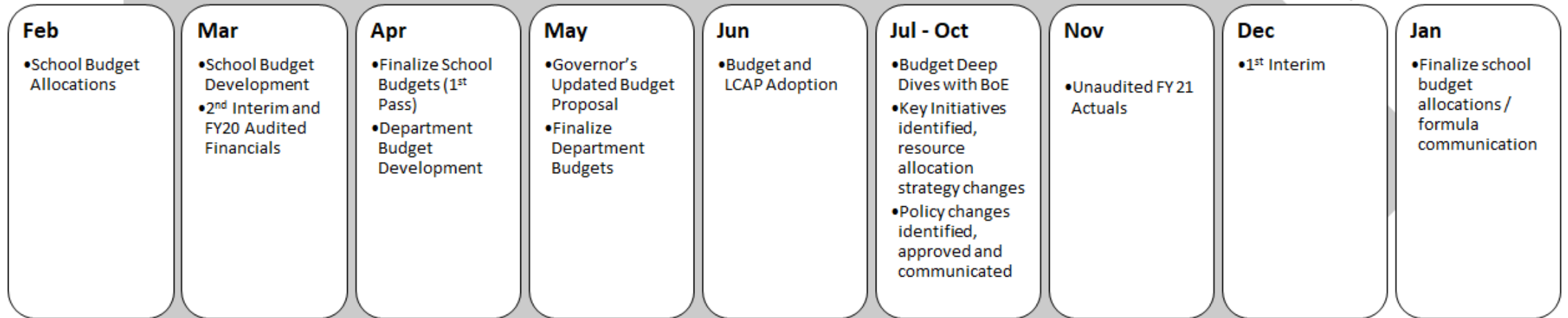
Amount in Millions

\$1,914

Budget Development Timeline

Proposed change for FY 22-23 planning: BoE budget deep dives on key initiatives in July - October

Finalize shifts in resource / budget allocations in December



FY 21-22 Budget Development

FY 22-23 Budget Planning

FY 22-23 Budget Development Begins



Thank You