



Response to the *Creating Equitable and Enriching Learning Environments for All Los Angeles Unified School District Students and To Engage the Los Angeles Unified School District Community and Establish Fiscal Priorities* Resolutions

October 1, 2013

Board Report: 036-13/14

Revised 9/19/13

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# Timeline/Next Steps

September, 2013	<b>Closing of the 2012-13 budget</b>
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# Local Control Funding Formula (LCFF) - Update



The following areas in the LCFF Formula have changed since LAUSD's final budget was adopted:

- Per ADA Base Rates
- Supplemental/Concentration Rates
- Add On Rates
- Hold Harmless Calculation
- Statewide available funds for LCFF
- Accountability Provisions



# Local Control Funding Formula (LCFF) - Update

The changes to the LCFF formula had a negative impact of \$30.7M to our adopted 2013-14 budget.

Summary of LCFF Estimate (in millions)	Final Budget	Revised	Difference
Estimated LCFF Revenue for 13-14	\$4,412.8	\$4,382.1	(-\$30.7)*
FY 13-14 Projected Year End Fund Balance at June Budget Adoption			\$46.7
Change in FY 13-14 Projected Year End Fund Balance at Unaudited Actuals			(-\$7.0)**
<b>Revised 13-14 Ending Balance, net of LCFF Impact***</b>			<b>\$9.0**</b>

\*Does not reflect changes due to new 13-14 requirements.

\*\*Change in ending balances as a result of closing books, 9/06/13 unaudited actuals.

\*\*\*Revised LCFF uses unduplicated student percentage of 82%. Unduplicated count methodology and details are forthcoming.



## 2013-14 Budget Solution

We were able to balance our 2013-14 deficit of \$450 million by implementing the following measures:

- Prop 30 allowed us to use State IOU (one time funding): \$202M
- Local Control Funding Formula (net sequestration): \$234M
- Expenditures were less than budgeted: \$14M

Note: Please review the Superintendent's Final Budget FY 2013-14 for additional details, available here: <http://notebook.lausd.net/pls/ptl/url/ITEM/DF2E25E30ABCF092E0430A000210F092>



# 2014-15 Revised LACOE Contingency Plan

We have updated our contingency plan based on current information

Los Angeles Unified School District's 2014-15 LACOE Required Contingency Plan	Sequester is Reversed, Additional Revenue		Sequester Remains in Place, No Additional Revenue	
Projected Deficit	\$350.2 MILLION		\$350.2 MILLION	
Balances from 2013-14 – Revised*	\$9.0 MILLION		\$9.0 MILLION	
Sequester is Reversed (two year impact)	\$65 MILLION		\$0	
Potential Additional New Revenues	\$66 MILLION (approximately for every \$1 billion into LCFF funding)		\$0	
Fiscal Stabilization Plan TBD	Reduction of \$210.2 million (additional new revenues into the LCFF needs to be \$3 billion to cover full 13-14 deficit)	Combination of central and school site resources	Reduction of \$341.2 million	Combination of central and school site resources

\* Does not reflect changes due to 2012-13 closing and new 13-14 requirements.

# Unfunded Priorities: We need additional ongoing funding from the State to support our investment priorities

Investment Priority	Current Investments
<b>Preserve salary and benefit package to our employees</b>	<ul style="list-style-type: none"> <li>≈ Maintained a full 180 day school year from 2012-13 with no furloughs: \$115M*</li> <li>🕒 Ensure all employees pay \$0 for health benefits. Investment increase: \$35M. Total Investment: \$780M</li> <li>🕒 Step and Column raises: \$30.8M</li> <li>🕒 Implementation of principal salary study: \$2M</li> <li>🕒 Total contribution to Retiree Health Benefits (OPEB): \$50M</li> </ul>
<b>School Safety</b>	<ul style="list-style-type: none"> <li>🕒 Increased Police overtime: \$4M. Total Investment in School Police over \$50M</li> <li>🕒 Increase Campus Aides: \$11.5M. Total investment: \$33M</li> </ul>
<b>Class Size</b>	<ul style="list-style-type: none"> <li>🕒 Eliminated enrollment factor in 2013-14: \$14M</li> <li>≈ K-3 class size of 24:1 is one of the lowest in the State</li> </ul>
<b>Early Ed</b>	<ul style="list-style-type: none"> <li>🕒 The most robust Early Education program in California serving 12,334 students: \$34M*</li> <li>≈ Only district to offer a school readiness language development (SRLDP) program for 4 year olds: \$36M</li> </ul>
<b>Magnet Expansion</b>	<ul style="list-style-type: none"> <li>🕒 New magnet program expansion: \$3.5M</li> </ul>
<b>School Supports</b>	<ul style="list-style-type: none"> <li>🕒 No Reduction In Force notices for teachers, counselors, psychologist, social workers: \$20M</li> <li>🕒 Increase in Custodians: \$8.6M</li> <li>≈ Summer School: \$1M</li> </ul>
<b>Adult Education</b>	<ul style="list-style-type: none"> <li>≈ The most robust Adult Education and ROC/P in California, 100,064 students. General Fund Support: \$78M*</li> </ul>

\*\$220M Total Investment Distributed among Adult Ed \$78M, Early Ed \$27M and Furlough Rescission \$115M.



## Estimated annual cost for the *Creating Equitable and Enriching Learning Environments for All LAUSD Students* resolution

Resolution	Amount (in millions)
Teachers – class size at 2007-08 norm (staff to student ratio)	207.2
Counselor - 2007-08 norm (staff to student ratio)	22.4
Librarians & Library Aides - 2007-08 levels	20.0
Classified basis restoration, assumes all clerical staff A basis	18.6
Clerical - 2007-08 norm (staff to student ratio)	28.6
Psychiatric Social Worker – 1 per K-12 site	68.8
Increase Adult Ed enrollment – 2011-12 levels, excludes ROC/P	63.0
Increase Early Ed enrollment, includes SRLDP	20.0
Increase funding for arts education and integrated arts instruction	13.4
Buildings and Grounds and M&O workers	30.0
Administrators - 2007-08 norm (staff to student ratio)	6.2
Raise for all employees range 1% - 6%*	40.0 – 240.0
Extended School Year \$15.0 M per day, 15- 20 day expansion*	225.0 – 300.0
Full Summer intervention and enrichment, 07-08 level	54.3
<b>Total Cost to Implement Resolution &amp; Close Current \$350.2M Deficit</b>	<b>\$1.2 – \$1.4 Billion</b>

Note: Numbers estimated using adopted budgets, assumes allocations to all E,M,S sites at 07-08 norm allocations unless otherwise noted.

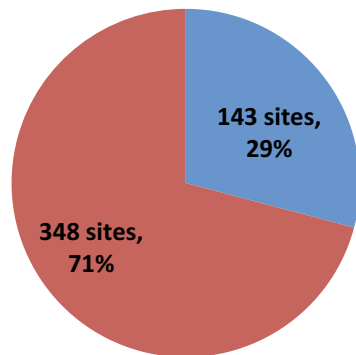
\*Estimated costs assume current staffing levels. Cost assumptions available in Appendix to this presentation.



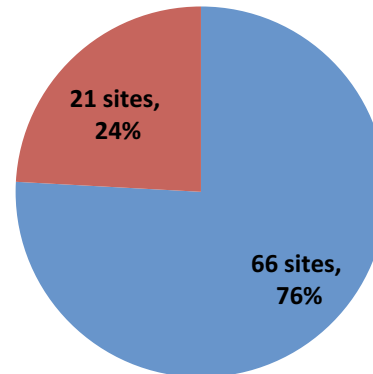
# How we are spending today is different compared to the LCFF model\*



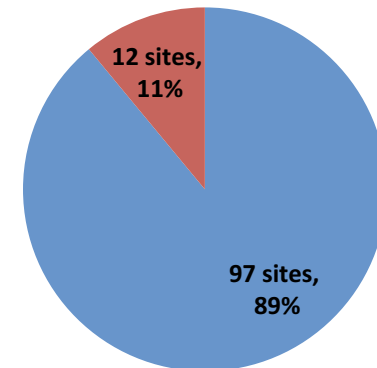
## Elementary School



## Middle School



## Senior High School



■ Underfunded Schools Count ■ Held Harmless Schools Count

**These findings are based on preliminary analysis of the model**  
Policy Implications

What does this say about past investments in programs?

LCFF Transition

What are the issues that must be addressed in transitioning to LCFF?

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\*Preliminary analysis, does not reflect changes in the adopted state budget.

# Superintendent's recommendation for the implementation of the resolution over the next 3 years



**“I have the utmost trust in our teachers, administrators, and parents to make the best decision for our students. Therefore, I strongly recommend maximizing school autonomy over decision making at the school site. I recommend the following principles for investing future revenue:**

1. Address our structural deficit,
2. Allocate any new Supplemental and Concentration dollars to the campuses that generate them,
3. Apply any increases in LCFF Resources to schools that generate additional funding via the LCFF formula, and
4. Enhance compensation for all employees,
5. Provide appropriate guidance and supports enabling every school site to make strategic budget decisions that support the academic needs at that campus.”

# Resolution: To Engage the Los Angeles Unified School District Community and Establish Fiscal Priorities



In response to the resolution, *To Engage the Los Angeles Unified School District Community and Establish Fiscal Priorities*, we will be scheduling meetings with the following stakeholders before we adopt a budget on June 2014:

- Superintendent's Student Advisory Council: **10/24/13**
- At least five public hearings, one in each Educational Service Center
  - ESC North Daniel Pearl Magnet, 10/08/13
  - ESC South King-Drew Medical Magnet, 10/9/13
  - ESC West Burroughs Middle School, 10/15/13
  - ESC East ESC East, 10/10/13
  - ESC ISIC Dymally High School, 10/16/13
- Employees and bargaining units: **10/14/13**

**Board Action: Adoption of Superintendent's Plans for Achieving Funding Equity & Engaging LAUSD's Community of Stakeholders in Developing Budget Priorities Aligned to LAUSD's Academic and Local Control Accountability Plan Goals.**

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