

LAS VIRGENES UNIFIED SCHOOL DISTRICT
4111 LAS VIRGENES ROAD
CALABASAS, CALIFORNIA 91302
Telephone: (818) 880-4000
Fax: (818) 880-4200
www.lvusd.org



BOARD OF EDUCATION
ANGELA CUTBILL
DALLAS LAWRENCE
LINDA MENGES
LESLI STEIN
DANIEL STEPENOSKY, Ed. D.
SUPERINTENDENT

**LAS VIRGENES UNIFIED SCHOOL DISTRICT
FINANCE COMMITTEE MEETING**

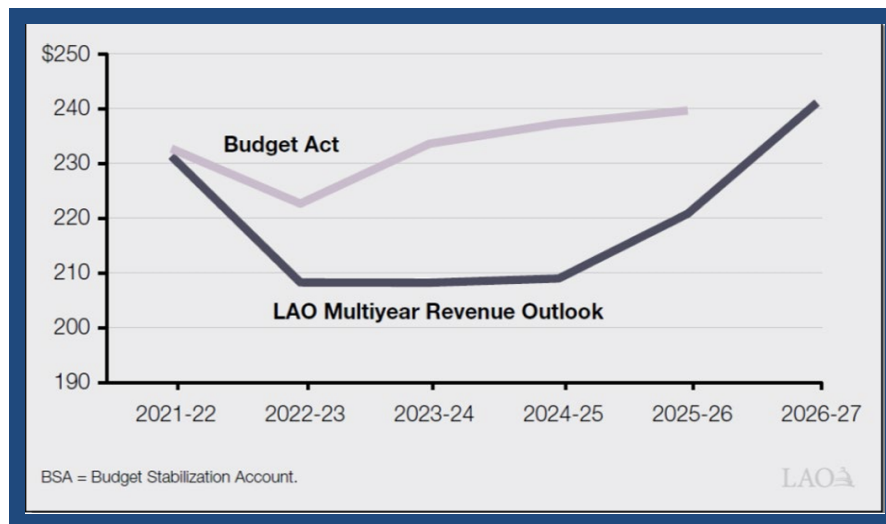
December 5, 2022

Present: Ms. Angela Cutbill, Board Clerk
Ms. Linda Menges, Board President
Dr. Dan Stepenosky, Superintendent
Dr. Ryan Gleason, Assistant Superintendent/CBO
Dr. Steve Scifres, Assistant Superintendent, Human Resources
Ms. Kim Patterson, Director of Secondary Education
Ms. Brenda Cho, Director of Finance/Accounting
Ms. Diane Hawe, Senior Accountant
Ms. Dawn Quevedo, Accounting Technician

The meeting came to order at 10:05 a.m. Dr. Gleason shared the agenda with the committee.

Budget Update and Forecast:

Dr. Gleason shared that tax withholdings continue to be well below forecast. The “Big Three” (corporate, sales, and personal income) are \$42 Billion below forecast from the state-adopted budget this past summer. The Legislative Analysts Office (LAO) is forecasting a \$25B deficit for the 2023-24 fiscal year. These projections have the LAO projecting a statewide economic rebound that is much more delayed than the 2022 budget forecast.



Dr. Gleason shared that in addition to the forecast, the LAO has projected the statutory COLA to be 8.73% for this fiscal year. The COLA rate is determined by a national price index for state and local government and finalized in late April before the start of the fiscal year. The current estimated COLA represents the highest statutory rate since 1979–1980. This reflects price increases throughout the economy along with an especially large surge in energy prices.

Dr. Gleason went on to share the embedded projections for Proposition 98. These include:

- **One-Time Allocations Expiring**
 - The 2022-23 budget allocated \$5.7 billion in ongoing Proposition 98 funds to one-time activities (including programs and reserve deposits).
 - These allocations expire in 2023-24, freeing-up the underlying funds.
- **Attendance-Related Changes**
 - District funding based on pre-pandemic attendance levels in 2021-22.
 - Gradual ramp down (through the three-year rolling average calculation) generates \$2.7 billion in savings in 2023-24.
- **Proposition 98 Reserve Withdrawal**
 - \$2.4 billion withdrawal required due to weakness in the guarantee

Dr. Gleason also shared that the current-year state budget includes a significant (\$5.7 Billion) cushion of 2022-23 ongoing revenue being spent on one-time expenditures within Proposition 98. This means when revenues fall in the Budget Year, that \$5.7 Billion will be freed up in budgetary bandwidth since there will be no necessity to continue these one-time expenditures.

K-12 Attendance

Dr. Gleason noted that while the LAO projects slow growth in statewide ADA through 2026 (about 1.6% on average, about half due to Transitional Kindergarten growth), it will be years before the 550,000 students – 9.3% of the total population – lost during the COVID pandemic are replaced. This presents budget savings as there are fewer students to fund as the hold-harmless ADA relief that was in place sunsets.

Dr. Gleason shared that most forecasters expect inflation to moderate somewhat after 2022-23. He stated that there is some evidence inflation could remain above the historical average for another couple years, but it depends on Federal Reserve action. Ms. Menges asked if the cost of living is going up, how is the state going to fund Proposition 98? Dr. Gleason stated that in California, the majority proportion of Prop 98 funding is based on the capital gains income tax for the top 1% of earners.

Dr. Gleason went on to share information about California Labor Force Projections, noting the importance of having competitive wages to compete with other districts for employees. Dr. Gleason noted that the biggest gap in hiring is with Special Education.

First Interim

Dr. Gleason shared that in regard to the First Interim Budget, it is certain the budget assumptions will change over the next few weeks and two months as they await the January Budget and May Revise from the Governor's office.

Ms. Cho shared that revenues have increased in excess of \$7M. Dr. Gleason noted that a lot of the revenue is restricted. Ms. Cho also shared that total expenditures have decreased \$108K but have increased in the areas of textbooks and technology. Ms. Cho also shared that \$14M has been transferred to Fund 17. Dr. Gleason commented that the surplus is misleading because of all of the one-time funds.

Dr. Gleason went on to share critical factors affecting projections which include:

- The community's overwhelming support for Measure E has secured \$2.3m in annual funding for the next six years.
- State's contribution to fund future LCFE with approximate 8% projected COLA.
- The ability of the District to manage changes in enrollment.
- Impact of one-time funded program funding at the state level.
- Statutory rate fluctuations to state PERS/STRS retirement programs without any new state or federal offset
- Passage of Measure S and General Fund Savings.

Multi-Year Projections: Revenues

Ms. Cho shared that expenditures are greater than revenues in multi-year projections. She noted that the District takes a conservative approach. Ms. Cutbill asked how the enrollment is going and Dr. Gleason stated that they are currently up to 50 more students compared to this same time last year. Dr. Gleason also noted that the District will meet the 3% reserve threshold.

Dr. Gleason went on to share important next steps which include identifying opportunities to increase enrollment while we await a potential statewide rebound and identifying areas to right-size staffing in the absence of an enrollment rebound. The current Efficiency Projection for TK-5 is \$1.25M. The current Efficiency Projection 6-12: \$4.5M. Dr. Gleason stated that the ideal scenario is to enhance enrollment and allow for staffing attrition.

Proposition 28

Dr. Gleason shared that Proposition 28 requires the state to spend 1% of the Proposition 98 guarantee on public education that is restricted for music and arts education. The measure will require the state to add an amount equal to 1% of Prop. 98 funding to the state's guarantee, but there are no tax increases meaning somewhere the state will have to leverage funding in a reserve account or find efficiencies elsewhere to fund this program. Dr. Gleason shared that schools with higher proportions of unduplicated students (low-income, foster youth, English Learners) will receive a high proportion of funding. (70/30 split). It is anticipated that LVUSD will receive approximately \$1.3 Million in restricted Proposition 28 funding intended to enhance visual and performing arts education.

COP's and Developer Fees

Dr. Gleason gave a quick update regarding COP's and Developer Fees, He shared that he is working with LACOE to pay off the COP's. A resolution will go before the Board of Education in January or February.

Categorical Grant Updates

Dr. Gleason shared an update on categorical grants. The Expanded Learning Opportunity Grant will be a \$1,421,452 award for LVUSD. Dr. Gleason and Ms. Davenport are currently working with the YMCA's at Lupin Hill, Sumac and Mariposa to host the program. Approximately 200 students are involved in the program. Dr. Gleason noted that the fiscal future of the grant is uncertain.

Dr. Gleason also shared an update on the Kitchen Infrastructure Grant which will be an approximate \$150K award to LVUSD and the Kitchen Equipment Assistance Grant

which will be an approximate \$100k award to LVUSD. Dr. Gleason shared that both grant applications were submitted in the past few days.

Dr. Gleason shared that COVID categoricals were identified as areas that will not be funded by a future grant. These include: Three additional days of school and 4-5 CSR. Next steps for categorical grants include the Arts Instructional Materials Block Grant Plan being brought in January 2023, the Learning Recovery Grant Plan embedded into LCAP and the ELOP Grant Plan embedded into LCAP.

Measure S Updates

Dr. Gleason shared an update on Measure S noting that the following items will be coming to future Board meetings for approval:

- Resolution to Amend Measure G Bylaws
- Reimbursement Resolution
- Resolution to Enter the Passage of Measure S into the Board Minutes
- Measure S Initial Project Priority List

Dr. Gleason shared that next steps for Measure S include forming a Citizens' Oversight Committee and determining the size and scope of a BAN. Ms. Cutbill noted the importance of forming a strong COC. The committee would like to begin the process in January.

Other Business

Dr. Gleason shared an update regarding current rental and lease agreements. Dr. Gleason also shared an update regarding enrichment programs sharing that the District has been working with the company, *Growing Outdoors*, to explore instituting a more efficient process. The next step will be for the company to meet with site PFC's/PFA's who don't currently use their services.

Dr. Gleason shared that a transportation plan will be reviewed by LCAP and then will be brought before the Board. He also shared that a Facility Use Fees is being compiled and hopes for a new plan to be in place for the 2023-2024 school year.

The meeting came to a close at 11:26 a.m.