



## LAS VIRGENES UNIFIED SCHOOL DISTRICT

### FINANCE COMMITTEE

**March 4, 2022**

Present: Kate Vadehra, Board Representative  
Angela Cutbill, Board Representative  
Dan Stepenosky, Superintendent  
Karen Kimmel, Assistant Superintendent, Business  
Kristine Torres, Director of Accounting and Finance  
Steve Scifres, Assistant Superintendent, Human Resources  
Ryan Gleason, Assistant Superintendent, Administrative Services

The meeting was called to order at 9:00 a.m. via teleconference/video conference.

Ms. Kimmel shared an overview of the Second Interim Budget that will go to the Board on 3/15. Ms. Torres also went over the agenda for today's Finance Meeting noting that assumptions will change as they await tax filings and the Governor's May Budget revision and final fund allocations.

#### **State of the Economy**

Ms. Torres shared the state of the economy noting that it continues to be strong. Revenue growth continues as there is an estimated \$45.7B surplus in 2022-2023. Ms. Torres shared that the Legislative Analyst Office (LAO) projects a higher "big 3" tax income versus the Governor's estimate. The LAO also projects a higher COLA than the Governor. The significant COLA increase for 22-23 reflects the spike in inflation.

	<u>Governor</u>	<u>LAO</u>
2022-23	5.33%	6.17%
2023-24	3.61%	3.61%
2024-25	3.64%	3.64%

Ms. Torres also shared options for what lawmakers may do with the state surplus, which include Special Education reforms and boosting ELOP funding.

### **2021-2022 Budget**

Ms. Torres shared the 2021-2022 budget with the following categories: current, changes, second interim for both revenue and expenditures. Ms. Torres noted that revenue is going up \$5.6M mostly due to grant timing and expenditures are going down \$700K. There are \$1.5M being saved from staffing vacancies. These vacancies include:

- **Special Education**
  - 29 Para Educators
  - 2 Instructional Specialists
  
- **Maintenance & Operations**
  - 3 Custodians
  - 1 Groundswoker
  - 2 Delivery Workers
  - 1 Maintenance
  
- **Clerical & Site Support**
  - 3 District Office
  - 3 Secondary
  - 2 Elementary

Ms. Kimmel shared that these vacancies are being posted on Indeed as well as alternate sources.

Ms. Torres spoke about the \$5.6M second interim revenue increase which is primarily comprised of one-time money such as COVID grant adjustments of \$2.1M and the Educator Effectiveness Grant of \$2.2M. Additionally, ongoing money such as \$0.5M for the Expanded Learning Opportunity Program, \$0.4M for the CTE Grant Award and \$0.3M for the Special Ed Early Intervention Grant were increased. Miscellaneous funds account for \$0.1M.

Ms. Torres went on to speak about COVID grant revenue recognition noting that there was \$2.1M higher revenue in 2021-2022 due to COVID one-time grants. Ms. Torres noted that \$1.1M was slated to be spent next year, but due to the timing of receiving the funds, it will be recognized this year. Ms. Torres went on to share a categorical overview of one-time money as well as ongoing and annual funds.

There are also critical factors impacting projections which include:

- The state’s contribution to fund future LCFF with 3.6-5.3% COLA.
- The ability of the District to manage declining enrollment.
- Financial impacts from the COVID-19 pandemic.

Ms. Torres spoke about how employer contribution rates to employee pensions are increasing and are set to peak in 2022-2023. The biggest percentage increase will be on the PERS side. She noted that there is hope that the Governor will spend some money on pensions but that has not yet been decided.

Ms. Torres shared multi-year projections for revenue factors:

Assumptions	21/22	22/23	23/24
Enrollment Decrease	-1.84%	-2.54%	-1.75%
Funded ADA	10,424	<b>9,487</b>	9,247
LCFF increase in average funding per ADA	5.09%	5.66%	3.70%
LCFF avg. funding per ADA	\$9,536	\$10,076	\$10,449
LCFF Funding change from prior year	\$99.4M +\$4.8m	\$95.6M <b>-\$3.8m</b>	\$96.6M +\$1.0m
One-time Grant Funds	\$8.9M	\$4.6M	\$1.8M

Ms. Torres shared multi-year projections for expense factors as well:

Assumptions	21/22	22/23	23/24
Certificated Step & Column	1.25%	2.0%	2.0%
Classified Step & Column	0.25%	0.25%	0.25%
Salary Schedule Adjustments	4% Classified 2+2% Certificated	Not included	Not included
STRS Retirement (only District funded) District contribution as a % of salary	\$9.5M 16.92%	\$11.5M 19.10%	\$11.5M 19.10%
PERS Retirement District contribution as a % of salary	\$4.4M 22.91%	\$5.3M 26.10%	\$5.5M 27.10%
Budget Efficiencies	\$2.0M	\$1.0M new	\$5.0M new

Ms. Torres noted the projections show the increase in pension costs. She also noted that if the state implements the Governor’s proposal of averaging the LCFF, the District will receive significantly more funding.

Ms. Torres shared that the Fiscal Stabilization Resolution will also go before the Board of Education on March 15. This is required by the LA County Office of Education at Second Interim. It states the Board’s intent to implement budget efficiencies as needed to meet the minimum required reserve requirement. Without change to the LCFF calculation variables, the District will need to make cuts of \$1M next year and \$5M in each of the following two years. If the Governor’s proposal to average ADA over three years goes into effect, these cuts will be significantly reduced.

Ms. Torres shared a timeline for upcoming finance dates and workshops:

### **Second Interim Budget Report Approval**

- A Positive Approval certifies that the district **WILL** meet its financial obligations for the current and two subsequent years based on current projections
  
- A Qualified Approval certifies the district **MAY NOT** meet its financial obligations for the current and two subsequent years

**April 29** - Finance Committee Meeting

**May 14** - Governor announces 22-23 Budget Revision

**May 20** - Budget Workshops

**June 3** - Finance Committee Meeting

**June 14** - Public Hearing, 22-23 LVUSD Budget Report

**June 28** - Adoption, 22-23 LVUSD Budget Report

**June 30** - Governor's Deadline, Signed Budget

### **Other Updates:**

Ms. Kimmel shared information on Center EdX. A SpEd Mild-Moderate Program, as well as an Early Childhood Educator Program, will be joining the Induction, CASC and PASC programs. These new programs are projected to bring in \$650K in tuition revenue.

Ms. Cutbill and Dr. Vadehra expressed praise for the program and thanked Dr. Gleason for his hard work in securing funding for these programs.

The meeting adjourned at 9:35 a.m.