

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
DR. KATE VADEHRA
DANIEL STEPENOSKY, Ed. D.
SUPERINTENDENT

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

October 14, 2022

Present: Ms. Angela Cutbill, Board Clerk
Dr. Kate Vadehra, Board Member
Dr. Dan Stepenosky, Superintendent
Dr. Ryan Gleason, Assistant Superintendent/CBO
Dr. Steve Scifres, Assistant Superintendent, Human Resources
Dr. Clara Finneran, Assistant Superintendent, Education
Ms. Brenda Cho, Director of Finance/Accounting
Ms. Julie Abbott, Director of Facilities, Maintenance and Child Nutrition
Ms. Kelly Beder, Business Manager
Ms. Diane Hawe, Accounting Technician
Ms. Ali Lloyd, Permit Coordinator

The meeting came to order at 10:08 a.m. Dr. Gleason shared the agenda with the committee.

Budget Updates

General fund revenues are down for the third consecutive month and the second of the fiscal year. Overall revenues are down 8.4% below forecast as outlined in the California Department of Finance (CADOFF) projections below.

The numbers for September have not yet been published, but according to the CADOFF we ended the 2021-22 fiscal year about \$2.2 billion below estimates used in the 2022 Budget Act, and receipts for the first two months of the 2022-23 fiscal year are about another \$2 billion below the forecast. That puts us \$4.2 billion off of the projections used in the Budget Act, with most of that shortfall driven by lower proceeds from personal income tax. This shortfall is concerning, but July and August are not

particularly significant months for personal income tax cash receipts and it is difficult to determine whether the shortfall is due to temporary conditions or longer-term trends. The Budget Act assumed \$210 billion in revenue from the big three taxes in 2022, and based on the most recent cash and economic data the LAO predicts there is a 70% chance that revenue will be below this projection. Noting that most of the fiscal year lies ahead and there is much uncertainty about ultimate collections, the LAO makes a “best guess” that revenues might be about \$6 billion below the Budget Act estimate. If this very early guess turns out to be accurate, that would mean a revenue loss of less than 3%.

While these trends are concerning, and it seems almost inevitable that September will be below projections, there are a number of factors that may provide some resiliency to the K-12 portion of the budget.

- **One-Time Spending:** The LAO calculates that approximately \$3.5 billion of Prop 98 funding was dedicated to one-time funded grant programs in the current budget act. This one-time funding was spent largely on three significant programs: Arts/Instructional Materials Block Grant, Expanded Learning Opportunities Program, and The Learning Recovery Grant. This \$3.5 billion cushion in the Prop 98 guarantee could be redirected to ongoing funding should revenues indeed fall below projections.
- **Prop 98 Reserve:** Recent budget acts have invested \$9.5 billion in the Prop 98 Reserve account. This rainy day fund has the potential to temper modest declines in revenue for the next few years.
- **Declining Enrollment:** While declining enrollment impacts our district revenues, statewide the sharp decline in enrollment coupled with the Prop 98 guarantee means that the budget will naturally have a higher spending per pupil in the coming years.

During the Great Recession, none of the aforementioned protections were in place to cushion and protect a budget shortfall. Provided that this economic slump is shorter than two years, analysts suggest that we will likely get out of it relatively unscathed.

That said the Consumer Price Index continues to remain high over a 12 month trendline and School Services is calculating the current actual (not funded) COLA to be approximately 7%. The state’s desire to provide district funding to meet the COLA coupled with a decline in revenues will make for an interesting conundrum. In short, it’s likely that the legislature will have to hedge their bets as to how much of the rainy-day fund to access this year, should economic projections continue as is.

Arts Instructional Materials Block Grant

As part of the 2022 CA Budget Act, the state is distributing \$6.3M in one-time grant funding to LVUSD. This funding, to be spent over four years can be used for supporting arts programs, instructional materials adoptions, or any operating costs. Dr. Gleason

recommended that the funds be used for supplanting the instructional materials budget (which would relieve the general fund of \$1.1M) and to support continuing to fund elementary counseling at 100% across all nine elementary schools for the next four years without encroaching on the General Fund. Ms. Cutbill and Dr. Vadehra agreed with this strategy. The formal plan will be brought for Board approval at an upcoming meeting as soon as the state provides a template.

Enrollment Study

Dr. Gleason provided an overview of enrollment trends for the 2022-23 school year. The enrollment data reflects a declining trend, which is in line with statewide trends. Ms. Cutbill and Dr. Vadehra suggested enhancing our showcases and marketing plans to continue to attract students to LVUSD. School of Choice and Interdistrict Transfers were also discussed. Ms. Cutbill shared the history of the existing caps on our interdistrict enrollment. Dr. Gleason noted the Allen Bill which is important for accurately reporting in-district and out-of-district enrollment. The Committee gave direction to report future enrollment trends in accordance with the Allen Bill.

Enrichment Programs

Dr. Gleason shared a recent study of after-school enrichment programs that utilize school facilities through a short-term facility use process. The current revenue from Facility Use for these programs is \$98,000 which is far less than the indirect costs associated with supporting these programs. LVUSD has a long history of supporting enrichment, and Dr. Gleason suggested vetting a third-party vendor to oversee and operate enrichment programs moving forward. Ms. Cutbill and Dr. Vadehra requested that Dr. Gleason determine the interest/feasibility of a third-party vendor assuming the programs and bring this to future Finance Committee meetings.

Facility Use

Dr. Gleason and Ms. Abbott provided an overview of our Facility Use fees compared to direct use costs. The committee reviewed comparative fees across Ventura County and LVUSD fees in general are far lower. Ms. Cutbill and Dr. Vadehra recommended bringing an amended fee use schedule to a future Finance Committee meeting.

Transportation

Dr. Gleason and Ms. Beder shared transportation updates with the committee. Most notably, the Board will need to adopt a Transportation Plan prior to April of 2023 to be eligible for a 60% reimbursement allocation in the most recent budget act. Secondly, Ms. Beder brought forth amendments to AR 3541 to allow for ten students in passenger van transports. Ms. Cutbill and Dr. Vadehra gave the direction to bring these recommended adjustments to one of the November Board meetings.

Categorical Grant Plan

Dr. Gleason brought initial recommendations forward to use new categorical grants to sustain one-time funded programs through COVID-grants. Ms. Cutbill and Dr. Vadehra gave direction to identify categorical resources that can sustain our investments in visual and performing arts, elementary counseling, and library services.

Other Business

There was no other business.

The meeting came to a close at 11:32 a.m.