



LAS VIRGENES UNIFIED SCHOOL DISTRICT FINANCE COMMITTEE

October 9, 2020

Present: Dallas Lawrence, Board Representative
Lesli Stein, Board Representative
Dan Stepenosky, Superintendent
Karen Kimmel, Assistant Superintendent, Business
Steve Scifres, Assistant Superintendent, Human Resources
Clara Finneran, Assistant Superintendent, Education
Jim Klein, Chief Technology Officer
Kristine Torres, Director of Accounting
Ryan Gleason, Director of Education and Leadership
Craig Hochhaus, LVEA President
Jenn Kurtz, LVUSD Parent
Ann Park, LVUSD Parent
Grace Fisher, LVUSD Parent
Bridget Van Gelder, LVUSD Parent

The meeting was called to order at 9:15 a.m. via teleconference/video conference.

Ms. Torres began by sharing the meeting's agenda and speaking on the state of the economy. UCLA forecasts that it is possible to shorten the recession if the following two things happen:

- 1) Federal Stimulus Package
- 2) COVID Vaccine

Ms. Torres also went on to share that federal aid is unlikely in the short-term. This will result in a probable increase in the amount of deferrals and possible mid-year state reductions in January. Ms. Torres also shared information pertaining to Proposition 15 which will be on the ballot in November. This proposition would split taxes from commercial properties and residential properties. If the prop were to pass, it would generate an annual \$2.5B for public schools.

2020-2021 Budget Review

Ms. Torres reviewed the details of the 2020-2021 budget. Revenue for the district includes \$94.7M for LCFF State, \$11.9M Other State and \$14.8M in other revenue (federal and local). Revenue includes \$5.1M of one-time CARES Act funding. Expenses incurred include: \$54.3M for Certificated staffing, \$20.3M for Classified staffing, \$27.7M for payroll taxes and benefits, \$18.7M for supplies and services, \$0.6M for Capital expenditures and \$2M for other expenses. This results in a projected net decrease of \$2.1M.

Ms. Torres also shared some driving forces for deficit spending. These include declining enrollment, the LCFF funding model being a disadvantage to the district and 0% COLA from the state. Over the last seven years, there has been significant increases to the pension; contributions and the cost of worker's compensation and liability insurance has increased.

Mr. Hochhaus asked what the decline in enrollment was this year and Ms. Kimmel replied it was 4.7%. The district was expecting 2%. Mr. Hochhaus followed up by asking if the district could see an increase in enrollment in 2021-2022 and Ms. Kimmel stated it was difficult to determine.

Future Budget Efficiencies

Ms. Kimmel shared that \$4.4M of budget efficiencies were implemented over the past three years and that the district has budgeted for another \$4.4M for 2020-2021. This includes:

- \$1M – School site clerical
- \$170K – HR and Accounting Staff
- \$500K – Management Positions
- \$1.5M – Teaching positions, declining enrollment
- \$430K – Instructional Materials
- \$250K – Special Ed, outside services
- \$200K – Staff Development Hours
- \$200K – Deferred Maintenance
- \$150K – New TUPE grant revenue (offset)

Ms. Kimmel commented that in order to make the district sustainable, the structural deficit must be addressed. Mr. Lawrence asked where the enrollment drop is happening most precipitously. Ms. Kimmel answered that there is a decline at all levels with Kindergarten taking the greatest hit. Mr. Lawrence asked what the total population of the middle schools were and Ms. Kimmel replied that it is approximately 2,500 students.

Ms. Stein asked about staffing projections and how those savings may change. Ms. Kimmel replied that it is not yet known how those numbers will change. In the next few weeks, the district will be looking at a timeline for schools reopening. Ms. Stein also asked if a retirement incentive will help. Ms. Kimmel stated that it will help very much if it can help to reduce layoffs.

November 12th Study Session Planning

Ms. Kimmel shared that there will be a board study session on Thursday, November 12, 2020. Mr. Lawrence stated that he would like to have a detailed conversation regarding the middle schools. He would like plans with financial numbers attached. Mr. Lawrence would also like to see options for what can be done to turn around the enrollment decline.

Dr. Finneran replied that the data may be a bit murky this year due to COVID. Ms Kimmel shared that the district is only informed if their students go to other public schools, not if they go private.

Mr. Lawrence asked what the response to the retirement incentive has been and if teachers understand that they can retire mid-year. Ms. Kimmel shared that the information was sent out yesterday and will be before the board for approval at the October 12 meeting. Ms. Kimmel stated that the district will ensure that employees know they can retire mid-year. Mr. Hochhaus asked if the Early Tell incentive was still in place and Ms. Kimmel explained that was a one-time offer. Ms. Stein asked if there will be any information regarding retirement numbers at the next board meeting. Ms. Kimmel shared that those numbers are not yet available. Mr. Hochhaus stated that it can be shared how many employees attend the informational sessions.

Muse Lease

Ms. Kimmel shared information on the Muse lease. Muse abandoned their lease on June 30, 2020. The district is following up on legal options for the \$1.7M in lost rental income over five years. Ms. Kimmel also spoke of the school guidelines on lease of surplus property which state the district has the ability to identify a new tenant to assume the lease. They may also enter into a broker agreement and rank all proposals against the existing lease and then bring to the board for approval.

The meeting adjourned at 10:25 a.m.