



LAS VIRGENES UNIFIED SCHOOL DISTRICT FINANCE COMMITTEE

January 29, 2021

Present: Angela Cutbill, Board Representative
Dallas Lawrence, 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
Robbie Amodio, Director of Human Resources
Ryan Gleason, Director of Education and Leadership
Angie Falk, Director of Pupil Services
Kelly Beder, Business Manager
Craig Hochhaus, LVEA President
Susana Baird, Principal, A.C. Stelle Middle School

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

Governor's Budget Workshop

Ms. Torres began by sharing the meeting's agenda and speaking on the state of the economy. She shared that revenue growth continues from the "Big 3" taxes: personal income, corporation and sales. Unemployment remains high for low income earners, hospitality, leisure and small business. Ms. Torres explained that the state is looking at \$1B in operating deficits starting in 2021-2022 growing to \$17B in 2024-2025.

Ms. Torres shared that good news in the Governor's proposal is the compound COLA for our LCFF funding. Previously, there was a 0% COLA this year with zero projected in all future years. The

Governor is proposing a 3.84% COLA on the LCFF for next year. This is made up of 2.31% for this year and 1.5% for 2021-22. The proposal also has a 1.5% COLA on special programs. Ms. Torres shared that the state is also looking at expanding Transitional Kindergarten to all four-year-olds (doing away with the cutoff dates). The proposal spoke about paying down the deferrals and one time restrictive grants which will be explained later in more detail.

Ms. Torres spoke about new federal stimulus known as the CRRSA Act or the Coronavirus Response and Relief Supplemental Appropriations Act. This bill, which was signed into law on December 27, 2020 will provide \$82B for education. One component of this bill is ESSER II which will allocate \$6.8B to California. Allowable uses of ESSER II include: summer and intervention instruction, educational technology and curriculum, support of student health needs, facility repairs and improvements to reduce virus transmission and cleaning/disinfecting supplies.

Ms. Torres showed how the proposed revenue would impact the district for the next year. She shared that with a 3.84% COLA on the LCFF, the district would have an ongoing revenue increase of \$3.6M. A 1.5% COLA on special programs would result in an ongoing revenue of \$0.1M. Grants that would be restricted to one time are the proposed \$4.6M for the in-person grant, \$6.7M for the extended learning grant and \$0.5M for the preschool grant.

Ms. Torres also shared items that were not included in the Governor's budget proposal such as:

- COVID liability protection
- UPP hold harmless
- ADA hold harmless for 22/23
- Additional CalSTRS and CalPERS employer rate reduction
- More discretionary dollars versus restrictive programs
- Detailed plans on how GEER II money will be spent
- How the remaining 10% of ESSER funds will be spent

Mr. Lawrence asked what UPP stood for and Ms. Torres replied that it stands for Unduplicated Pupil Counts which is a supplemental grant based on ELL students. We have less students in that category so our funding will be less. Mr. Lawrence asked what the loss would be and Ms. Torres replied it would be an approximate \$300K supplemental loss.

Ms. Cutbill asked if we had any foster youth in the district and Ms. Torres replied that there were 13 reported this year.

Ms. Torres spoke about issues that are driving forces for budget efficiencies in the district. These include the LCFF funding model which is a disadvantage to LVUSD. The district is experiencing declining enrollment which looks to result in a loss of \$7.9M over the next three years. Pension increases over the past seven years also impact the budget. Annual pension costs were \$5.3M in 2013-14, expected to rise to \$12.2M in 2020-21, and \$15M in 2022-23. Lastly, workers comp and liability insurance cost the district \$1.9M in 2013-14 and are projected to cost \$3.7M in 2020-21.

Mr. Hochhaus asked if the enrollment numbers assume that no student who left last year is coming back. He asked if there were plans to bring those students back. Ms. Cutbill shared that the district is advertising heavily to bring students back. Ms. Kimmel shared that advertising has gone out through LA

Parent Magazine, Calabasas Style and the Acorn. Special ads were placed for the dual language program at Sumac.

Mr. Lawrence is in favor of a stronger marketing campaign with targeted social digital ads and emails. He'd like to look into partnering with the Chamber of Commerce. Ms. Cutbill agrees with the value of advertising and believes Kindergarten students who were lost this year will return, but she feels that it will be harder to convince older students to return. Ms. Kimmel is hopeful of the younger grades returning but also stressed that she is very mindful of permits. Mr. Lawrence would like some sort of welcome packet assembled and Ms. Cutbill commented that it could highlight all of the district's accomplishments to incentivize students to return.

2020-2021 Budget Review

Ms. Kimmel shared the multi-year projection for the 2020-21 budget. She emphasized how each school and grade level was very closely analyzed to project the impact enrollment will have in future years. Ms. Kimmel shared how the pension will increase to \$15M in a few years and what the pacing of budget cuts are that need to be implemented. Ms. Kimmel also noted that if the district received one-time funds, it could change the trajectory of the financial picture.

Future Budget Efficiencies

Ms. Kimmel stated that there is a need to address the structural deficit in order to make the district sustainable. This would require \$13.75M in efficiencies over the next three years, broken down in the following way: \$2M next year, \$4M the following year and \$7.5M in 2023-24.

Ms. Kimmel also shared core services and estimated costs were reviewed and proposed savings were projected in the following areas for next year: 9 FTE Elementary Teachers, \$0.7M, 16 FTE Secondary Teachers \$1.2M and SERP net savings \$0.5M. Ms. Kimmel shared that 26 certificated employees opted into the Supplemental Early Retirement Program. This amounted to 12 more retirements than usual and allowed for a benefit of avoiding 19 layoffs. The financial impact of the SERP is a net gain of \$541K.

Bond Status

Ms. Torres shared that the 2020 Facilities Master Plan included \$600M in projects for the district. She noted that the last year of the Measure R bond tax is 2025-26. If a bond measure were to be put on the November 2022 ballot, the first funds would be drawn in Summer 2023 and the new tax would impact tax rolls in 2026-27. The assessed valuation range would be \$35-\$40 which would be no change to taxpayers and would provide \$350M-400M in new bond funds.

ASB Oversight

Ms. Torres shared that the district has its senior accountant go to each ASB quarterly to conduct internal audits and all of the ASB's use the same accounting platform. This oversight is in addition to our outside, independent auditor.

Ms. Torres recommends continuing the internal audits and training. She also recommends changing the bookkeeper reporting structure and improving consistency in procedures among all schools. This could be done by holding monthly meetings with all ASB bookkeepers and a possible staff rotation between schools. Ms. Cutbill asked what needed to be done to change protocol and Ms. Kimmel replied that they are beginning to meet with all principals and are looking to transition this spring. Ms. Cutbill asked if they expected any pushback and Ms. Kimmel believes the sites will welcome the change.

Proposed Extension of Transportation Contract

Ms. Kimmel shared that currently, LVUSD has two agreements with Durham. The district pays \$1.3M in a transportation contract and Durham pays the district \$42K in a rental agreement for the parking lot. The current agreement ends July 31, 2021. The district asked to extend the contract but Durham is asking for a 5% increase to the contract and a waiver of the parking lot lease.

Ms. Cutbill asked if the district was using Durham this year. Ms. Beder replied that the district has six special education routes and one general education route this school year. Ms. Cutbill asked how many routes there would be in a regular year and Ms. Beder shared that there would be six special education routes and 12 general education routes. Mr. Lawrence asked if the district paid Durham last year. Ms. Kimmel replied that the Governor required payment through the end of the school year. This year, we are paying less because we are running less routes and there are no state requirements. Ms. Kimmel shared that the district will go back to Durham to see if an agreement can be made and if not, they will go out to bid and report back to the board.

The next Finance Committee Meetings are scheduled for March 5, April 23 and May 21. Mr. Lawrence would like to form a dedicated sub-committee to focus on marketing.

The meeting adjourned at 10:00 a.m.