

The Conejo Valley Unified School District 2024-25 Proposed Budget

Public Hearing: June 5, 2024

Adoption: June 20, 2024



Information Used in Budget Preparation

- School Services of California
- Capitol Advisors
- Ventura County Office of Education
- Legislative Analyst's Office
- California Department of Finance
- California Department of Education
- May Revise



May Revise



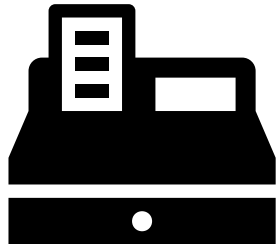
- It was an unconventional May Revise that frustrated many.
- Information presented only a list of line-item reductions.
- K-12 education is "shielded" from ongoing reductions.
- Proposal to use "Rainy Day Funds" and an "Accrual and Accounting" change dubbed (LAO) "Proposition 98 Funding Maneuver".
- *This strategy is controversial both inside and outside the Legislature, garnering significant criticism as a "manipulation" of the Proposition 98 Minimum Guarantee.*
- The minimum guarantee is down \$3.7 billion from January (decline in State revenues).
- COLA increases from 0.76% to 1.07%.
- The Governor does not assume a recession. Rather, he projects that the U.S. economy will continue to grow and the stock market will continue to perform well.

The Economy and Revenues

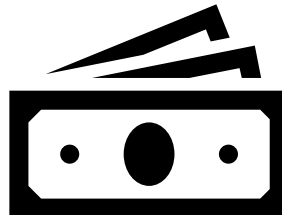
The risks noted by the Governor include the federal government tightening economic policy, underperformance of the stock market, and the volatility of California's progressive tax structure and its reliance on a small group of high-income taxpayers.

**Sales and Use
Tax saw a slight
increase**

(but not enough to make up the
difference)

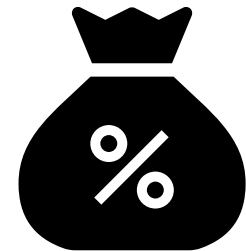


**Personal and
Corporate Tax
have declined**



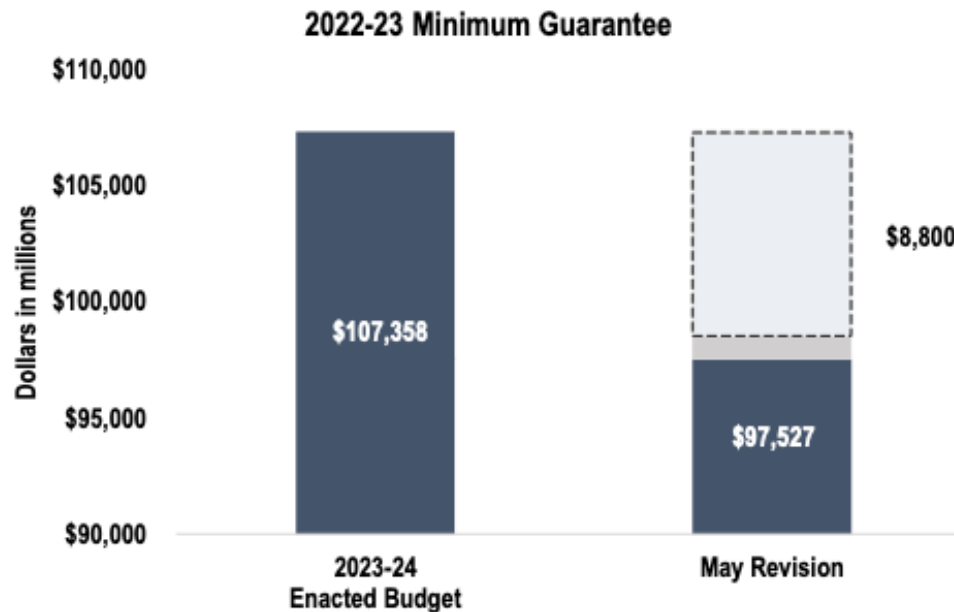
Capital Gains

(leveled at 5% after years of 11+%)



The "Maneuver"

The 2022-23 "Maneuver"



- From January to May, the amount appropriated to LEAs in 2022-23 above the revised minimum guarantee increased by \$800 million, totaling \$8.8 billion
- State Budget resources in 2022-23 cannot absorb the overpayment to education
- The May Revision maintains the Governor's proposal to accrue the budget impact of the excess funding over five years, beginning in 2025-26 with annual payments of \$1.8 billion

Concerns about the "Maneuver"

The 2022-23 "Maneuver"—Concerns

- The Governor's approach to addressing the 2022-23 conundrum is drawing criticism
- The LAO calls it "bad fiscal policy [that] sets a problematic precedent, and creates a binding obligation on the state"
- Proposition 98 hawks have expressed other legal concerns over the proposal

..... Proposition 98 Certification

There are concerns that the maneuver countervails the Proposition 98 certification process¹, which stipulates that allocations made to K-12 and community colleges in excess of the constitutional minimum level of funding "shall be credited to the fiscal year being certified"

The maneuver does not credit the \$8.8 billion to the 2022-23 fiscal year

..... Test 2 and Test 3

There are legal concerns over the Governor's maneuver to exclude the allocations that LEAs are able to retain from the Test 2 and Test 3 constitutional calculations

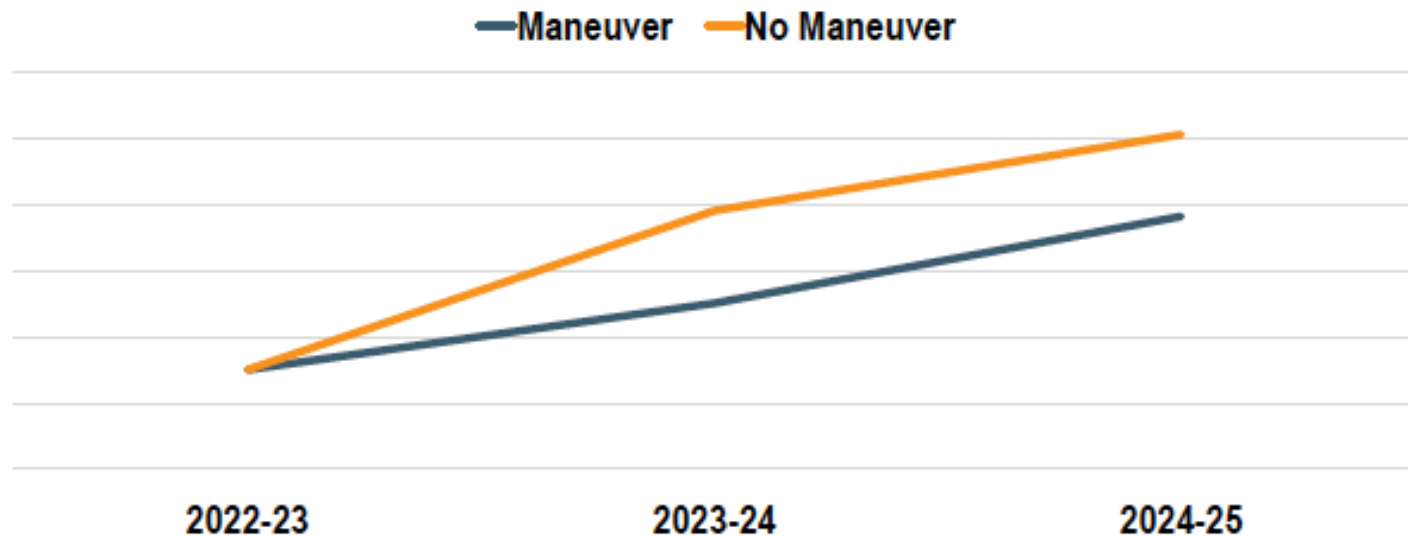
Excluding the \$8.8 billion could leave education dollars on the table in 2023-24 and 2024-25 and beyond

¹EC § 41206.03

Impact of the "Maneuver"

The Impact of the 2022-23 "Maneuver"

The estimated impact of *excluding* the \$8.8 billion in 2023-24 and 2024-25 is \$12 billion to \$14 billion total



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Source: SSC

California Teacher's Association

- Negotiating impasse led to a fairly aggressive ad campaign by CTA.
- A deal was reached that includes a "maintenance factor" which would be owed to schools on top of the Prop 98 minimum guarantee in "future years".
- The "deal" relies on three rounds of "inter-year deferrals" and a Prop 98 suspension for 23-24.
- Allows for May revision numbers to be maintained, exhaust the Prop 98 reserve, and rely on a loan and repayment plan to cover the revenue shortfall.
- Results in \$5.5 billion that will be owed to schools.
- Next steps: the compromise is subject to input and negotiations among the Legislature and other stakeholders.

Legislative Analyst's Office



- Prefers the May revision approach over January's proposal.
- Estimates GF revenue is \$8.6 billion lower in current budget compared to May revision.
- Lower revenue would reduce Prop 98 guarantee by \$3.3 billion over the next two years.
- The "maneuver" increases GF costs by \$1.8 billion per year for five years.
- Use of one-time funds for ongoing programs in 24-25 creates a shortfall the next year.
- Exhausting Prop 98 reserves means fewer tools in the out years.
- Additional spending is unaffordable.
- LAO option is to reduce K-12 spending and cut programs.

Capitol Advisors

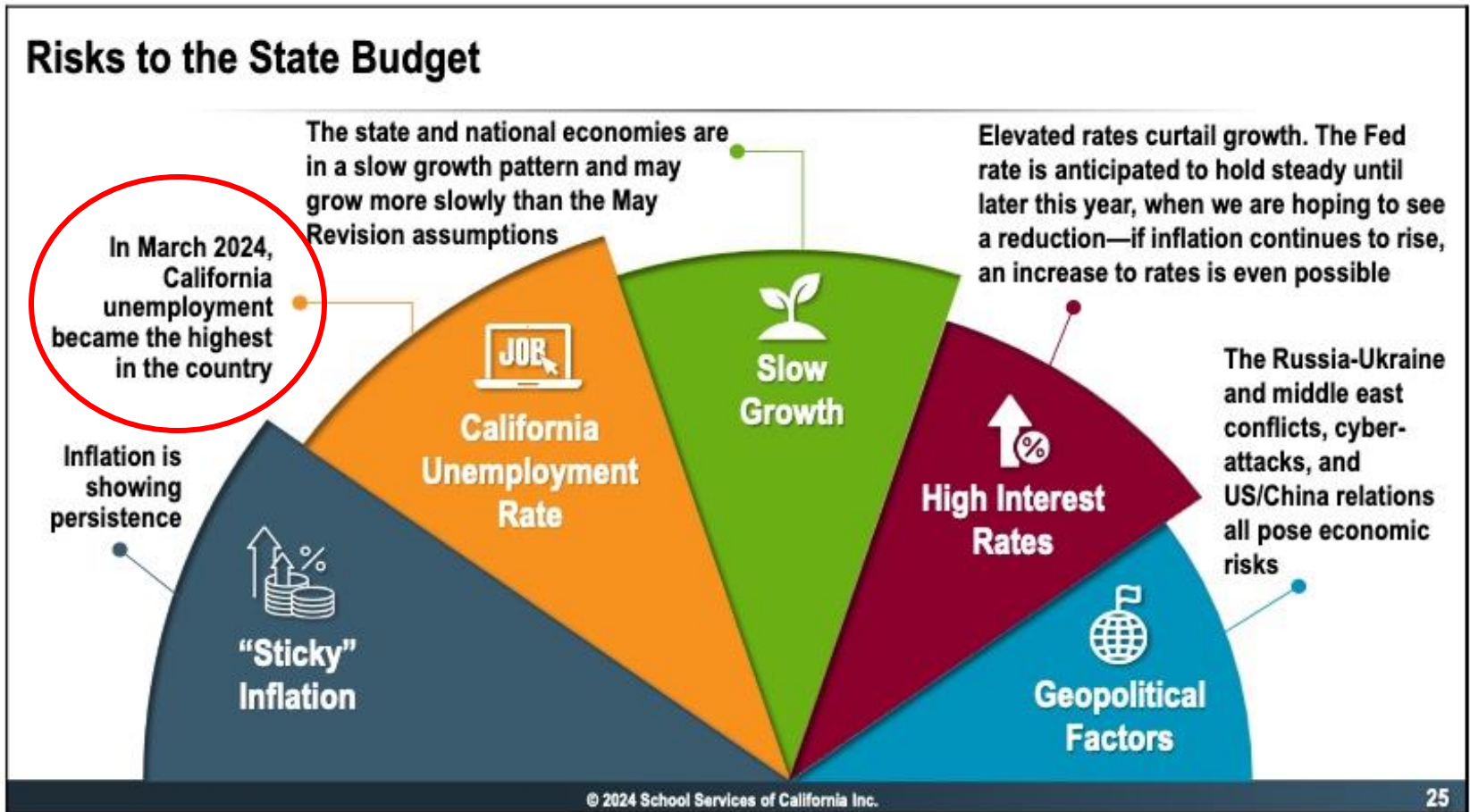


- Large budget deficits usually happen when a period of economic growth is followed by a recession - that is not happening now. Appears to be a spending problem.
- The State of California had 14 years of economic growth and it is "unsustainable."
- The budget proposal assumes no economic downturn and a return to reasonably strong GF revenue growth.
- Revenue growth will be needed over the next couple of years to maintain existing programs.
- The 26-27 Fiscal Year is more of the problem than the 24-25 FY.
- Prop 98 reserves will be "drained".
- Additional solutions are needed to avoid an operating deficit in 25-26.

Source: Capitol Advisors



Risks to the State Budget

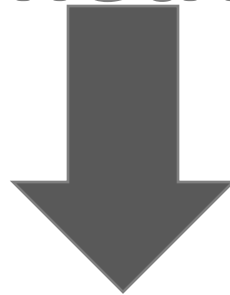


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Source: SSC



Average Daily Attendance (ADA): The Pivotal Metric for Funding



LCFF:
The Funding Instrument

"Rolling three-years"

ADA: Adjusted vs. Actual

Year	Projected Enrollment	Projected ADA*	Funded ADA
2023-24	16,036	15,176	16,352
2024-25 (projected)	15,966	15,020	15,558
2025-26 (projected)	15,523	14,914	15,235
2026-27 (projected)	15,101	14,509	15,095
SY24 vs SY27	-935	-667	-1,257

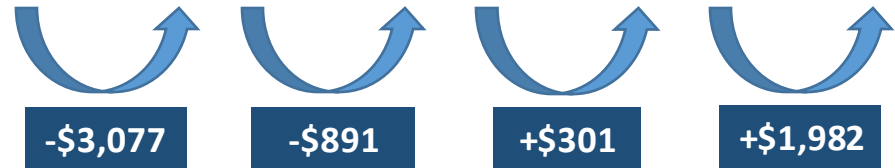
*Assumption: ADA for '24 is 94%, expected to return to 96% in '25 & '26

LCFF COLA Funded vs. Actual

Year	Estimated LCFF \$\$	YOY \$\$ Change	Actual % Increase in Funding	State COLA (Advertised Increase in Funding)
2022-23	\$189,634,762	n/a	n/a	n/a
2023-24	\$196,697,222	\$7,062,460	3.72%	8.22%
2024-25 (projected)	\$190,132,096	-\$6,565,126	-3.34%	1.07%
2025-26 (projected)	\$191,526,523	\$1,394,427	0.73%	2.93%
2026-27 (projected)	\$195,364,395	\$3,837,872	2.00%	3.08%

The Mechanics of LCFF

Grade Span	TK	K-3	4-6	7-8	9-12
2023-24 Base per ADA	\$9,919	\$9,919	\$10,069	\$10,367	\$12,015
1.07% COLA	\$106	\$106	\$108	\$111	\$129
2024-25 Base per ADA	\$10,025	\$10,025	\$10,177	\$10,478	\$12,144
GSA	\$1,043	\$1,043	-	-	\$316
TK Add-on	\$3,077	-	-	-	-
Total funding for CVUSD per ADA	\$14,145	\$11,068	\$10,177	\$10,478	\$12,460
20% supplemental per ADA <small>(Foster, homeless, English learners, free and reduced meal qualification)</small>	-	\$2,214	\$2,035	\$2,096	\$2,492





2024-2025 Proposed Budget

Major Budget Impact(s) Detail

Description	Change
LCFF Funding Decrease	(\$6,743,000)
Interest Income Increase	\$500,000
Eliminate POSA	\$217,000
Rental Income Increase	\$30,000
Eliminate Dean Position	\$170,000
Revert One-time Para Funding	\$2,000,000
School Site FTE -13.80	\$1,407,882
Column Increase	(\$350,000)
Step Increase	(\$1,800,000)
HW Increase Composite Rate: \$18,800 to \$20,030	(\$1,330,000)
CalPERS Increase from 26.68% to 27.05%	(\$60,000)
Property Insurance Increase	(\$222,943)
Liability Insurance Increase	(\$896,742)
ESCAPE/Frontline Subscription Increase	(\$85,000)
Business Services Legal Cost Decrease (Settled)	\$1,060,000
Utilities, Electricity, Trash, Sanitation 5% Increase	(\$183,000)
Transportation Costs	(\$200,000)
One-time Retirement Off-set from #0IMD Increase	\$866,000
AB 602 SELPA SPED Decrease	(\$400,000)
MEDC Revenue Increase	\$175,000
TRANS Loan Expense	(\$180,000)
Indirect from Restricted Programs Decrease	(\$780,000)
Direct/Indirect Ad Ed, Child Care, Child Nutrition Increase	\$136,092
SPED Extended Year Budget Reduction for Contract	\$216,000
Estimated Impact to Fund Balance	(\$6,452,711)

2024-25 Proposed Budget - Revenue

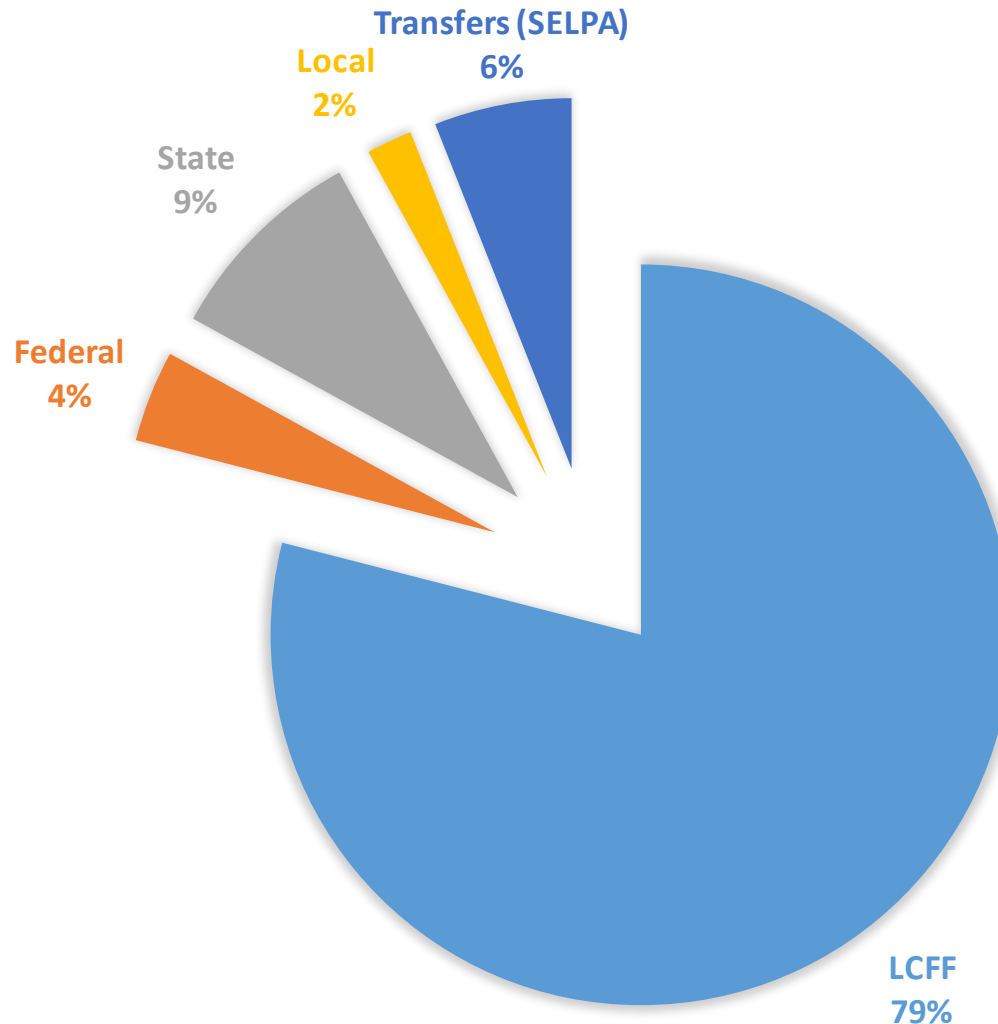
Revenue Source	2023-24 2nd Interim	2024-25 Estimated	+/-	% Change
LCFF Base	\$186,992,214	\$180,332,451	(\$6,659,763)	-3.7%
LCFF Supplemental	\$9,883,106	\$9,799,645	(\$83,461)	-.85%
Federal	\$16,393,982	\$9,472,120	(\$6,921,862)	-73.1%
State	\$26,585,226	\$21,601,924	(\$4,983,302)	-23.1%
Local	\$6,540,539	\$5,187,675	(\$1,352,864)	-26.1%
Incoming/Transfers/ SELPA	\$13,854,885	\$13,526,671	(\$328,214)	-2.4%
Total Revenue	\$260,249,952	\$239,920,486	(\$20,329,466)	-8.5%

2024-25 Proposed Budget - Revenue

Revenue Source	Unrestricted	Restricted	Total
LCFF Funding	\$190,132,096	\$0	\$190,132,096
Federal	\$0	\$9,472,120	\$9,472,120
State	\$4,620,362	\$16,981,562	\$21,601,924
Local	\$3,913,403	\$1,274,272	\$5,187,675
Transfers (SPED, Maint.)	(\$27,835,088)	\$41,361,759	\$13,526,671
Total	\$170,830,773	\$69,089,713	\$239,920,486



2024-25 General Fund - Revenue



2024-25 Proposed Budget - Expense

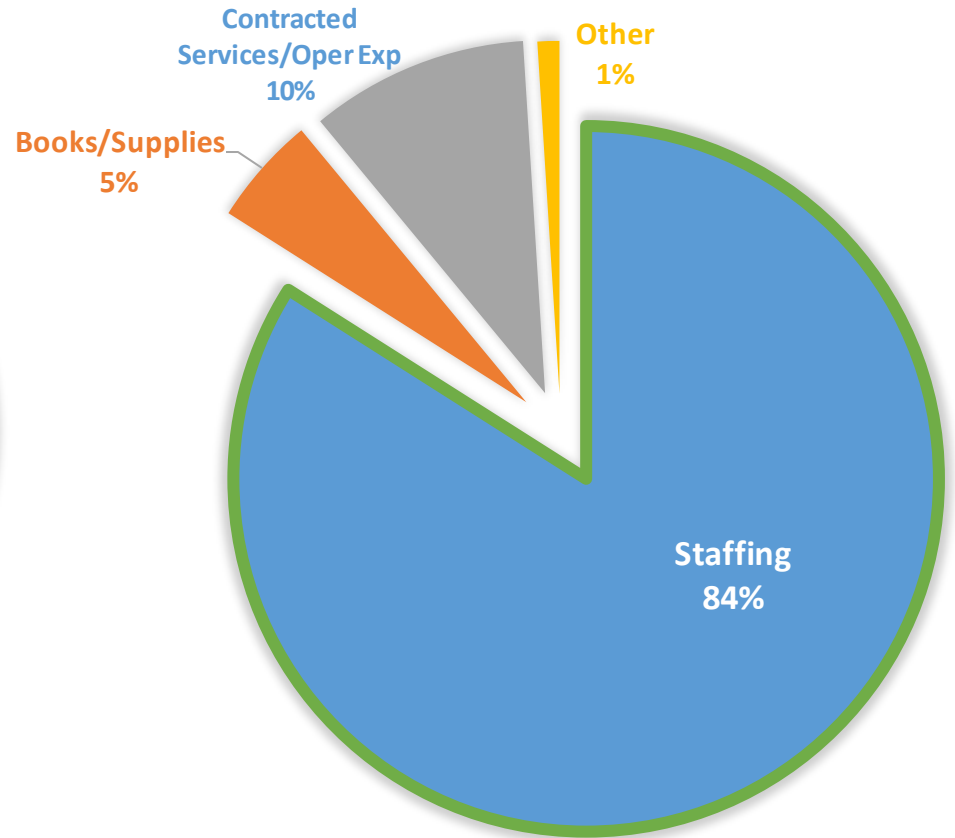
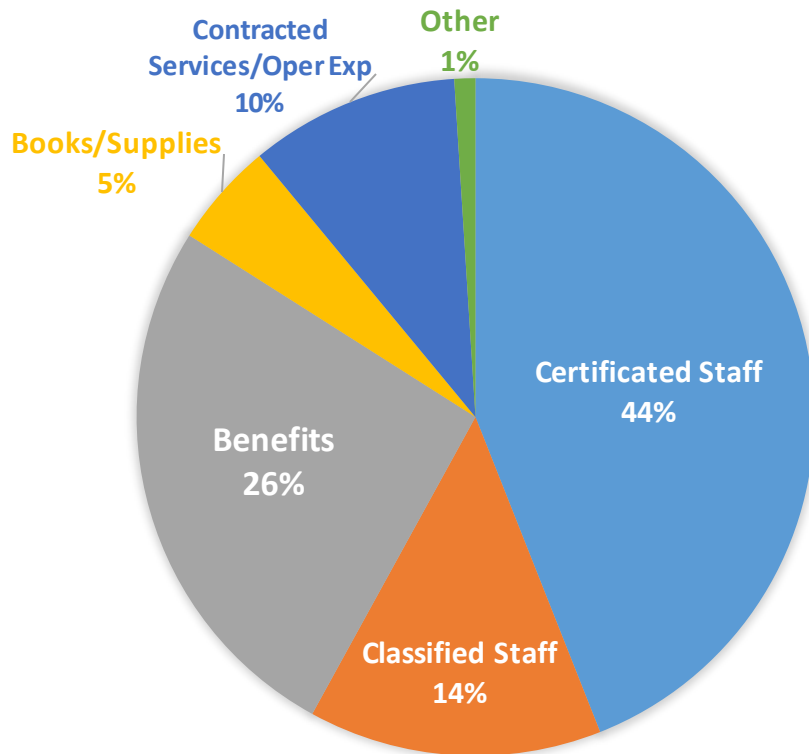
Expense Category	2023-24 2nd Interim	2024-25 Estimated	+/-	% Change
Certificated Salaries	\$118,028,530	\$113,096,858	(\$4,931,672)	-4.4%
Classified Salaries	\$38,590,326	\$36,900,925	(\$1,689,401)	-4.6%
Benefits	\$68,260,847	\$67,425,575	(\$835,272)	-1.2%
Books & Supplies	\$23,059,475	\$11,433,373	(\$11,626,102)	-101.7%
Contract Services & Other Operating Expenses	\$36,115,193	\$24,685,355	(\$11,429,838)	-46.3%
Capital Outlay	\$1,469,031	\$0	(\$1,469,031)	-100%
Other Outgo	\$1,794,529	\$1,315,254	(\$479,275)	-36.4%
Total Expenses	\$287,317,931	\$254,857,340	(\$32,460,591)	-12.7%

2024-25 Proposed Budget - Expense

Expense Category	Unrestricted	Restricted	Total
Certificated Salaries	\$92,407,812	\$20,689,046	\$113,096,858
Classified Salaries	\$23,812,269	\$13,088,656	\$36,900,925
Benefits	\$47,583,857	\$19,841,718	\$67,425,575
Books & Supplies	\$4,623,970	\$6,809,403	\$11,433,373
Contract Services & Other Operating Expenses	\$19,500,595	\$5,184,760	\$24,685,355
Other Outgo	(\$2,160,876)	\$3,476,130	\$1,315,254
Total	\$185,767,627	\$69,089,713	\$254,857,340



2024-25 General Fund - Expenses



*We are a people driven service organization
84% of expenses go directly to people*

Projected Ending Fund Balance

Category	Unrestricted	Restricted	Combined
Estimated Beginning Balance at 2 nd Interim	\$30,533,984	\$0	\$30,533,984
Estimated Revenue	\$170,830,773	\$69,089,713	\$239,920,486
Estimated Expenses	\$185,767,627	\$69,089,713	\$254,857,340
Estimated Ending Balance	\$15,597,130	\$0	\$15,597,130
<u>Breakdown of Ending Balance</u>			
Stores and Revolving Cash	\$211,280	\$0	\$211,280
Local Fiscal Stabilization Reserve	\$3,000,000	\$0	\$3,000,000
Mandated Reserve (3%)	\$7,645,720	\$0	\$7,645,720
Undesignated	\$4,740,130	\$0	\$4,740,130
Estimated Ending Fund Balance	\$15,597,130	\$0	\$15,597,130
UFB as a % of Expense*	3.04%		

**From the May 2021 BOE work session – Goal: Maintain an undesignated fund balance of not less than \$6m, inclusive of the \$3m local fiscal stabilization reserve, or approximately 6% of expenses.*



BUDGET

CVUSD
Multi-Year Projection



Jan Feb Mar Apr May Jun



Major Budget Challenges



- Funded ADA vs. Actual ADA
- Special Education funding in proportion to ADA
- Medical benefit costs
- Legal Fees - Pending litigation
- Property and Liability Insurance
- Transportation costs
- Staffing and outsourcing of services
- Programs and services from one-time funds

Factors

Budget Assumption	2024-25	2025-26	2026-27
Cost Of Living Adjustment (COLA)	1.07%	2.93%	3.08%
Enrollment projection	15,966	15,523	15,101
P-2 Funded ADA estimate (3-year rolling)	15,558	15,235	15,095
Unduplicated Pupil %	27.77%	27.83%	27.86%
Unduplicated Pupil Count	4,448	4,325	4,207
CalSTRS Employer Rate	19.10%	19.10%	19.10%
CalPERS Employer Rate	27.05%	27.60%	28.00%
Negotiated salary adjustments	-	-	-
Anticipated teaching retirements	30	30	30
Staffing ratios	K-3 - 21.5:1 4-12 - 30:1	K-3 - 21.5:1 4-12 - 30:1	K-3 - 21.5:1 4-12 - 30:1

Multi-Year Projection

Description	2024-25 Estimated Budget	2025-26 Projection	2026-27 Projection
Estimated Beginning Balance July 1	\$30,533,984	\$15,597,130	\$9,574,864
Total Income	\$239,920,486	\$247,031,785	\$250,978,682
Total Expense	\$254,857,340	\$253,054,051	\$252,516,386
Ending Balance	\$15,597,130	\$9,574,864	\$8,037,160
Operating +\-	(\$14,936,854)	(\$6,022,266)	(\$1,537,704)
<u>Components of Ending Fund Balance</u>			
Stores/Revolving Cash	\$211,280	\$211,280	\$211,280
Fiscal Stabilization Reserve	\$3,000,000	\$0	\$0
Required Reserve 3%	\$7,645,720	\$7,591,622	\$7,575,492
Undesignated Funds	\$4,740,130	\$1,771,962	\$250,388
UFB as a % of Expense*	3.04%	0.70%	0.10%

***BOE Goal:** Maintain an undesignated fund balance of no less than \$6 million, inclusive of the \$3 million fiscal stabilization reserve (FSR). Budget adjustments to programs and/or staffing will be triggered when the projected balance in year three of the multi-year projection is forecast to be below \$3 million (inclusive of the FSR).

WARNING

If we do not make any changes (i.e. budget reductions), in three years we will have exhausted our reserves to a dangerously low level, which would require massive cuts in a short period of time.

Other Funds

Fund	Beginning Balance	Est. Income	Est. Expenses	Net Est. End Balance
Student Activity Fund	\$2,267,446	\$2,969,822	\$2,511,971	\$2,725,297
Adult Education	\$30,689	\$3,539,231	\$3,493,167	\$76,753
Child Development Fund	\$354,619	\$8,262,363	\$8,290,885	\$326,097
Cafeteria Special Revenue	\$8,412,741	\$10,010,000	\$9,955,227	\$8,467,514
Deferred Maintenance	\$2,528,560	\$679,000	\$640,000	\$2,567,560
Building Fund (Measure I)	\$60,868,660	\$1,350,000	\$30,055,479	\$32,163,181
Capital	\$32,421,305	\$500,000	\$27,552,063	\$5,369,242
Technology	\$28,447,355	\$850,000	\$2,503,416	\$26,793,939
Capital Facilities (Developer Fees)	\$1,686,033	\$530,000	\$720,469	\$1,495,564
Special Reserve	\$16,656,167	\$1,914,480	\$10,492,350	\$8,078,297
TOPASS	\$6,832,846	\$1,864,480	\$619,029	\$8,078,297
Surplus Property	\$9,823,321	\$50,000	\$9,873,321	\$0
Bond Interest & Redemption	\$13,343,266	\$12,369,443	\$12,916,885	\$12,795,824
Self-Insurance	\$19,497,642	\$37,126,960	\$33,175,505	\$23,449,097
Worker Compensation	\$1,515,319	\$2,879,054	\$2,395,605	\$1,998,768
Health & Welfare	\$17,982,323	\$34,247,906	\$30,779,900	\$21,450,329
Private Purpose Trust	\$4,148	\$300	\$0	\$4,448

Stimulus Funds Update

Category	ESSER I (9/30/22)	GEER I (9/30/22)	Coronavirus Relief Fund (5/31/21)	State General Fund (6/30/21)	ESSER II (9/30/23)	IPI Grant (9/30/24)	ELO Grant (9/30/23) (9/30/24)	ESSER III (9/30/24)
Salaries/Services (Learning Loss Mitigation, Mental Health, PD, Twilight Classes, Campus Safety Assistants, Health Care, Paraprofessionals)						1,744,635	9,045,289	9,221,946
Facilities (Ventilation, Filters, Tents, Ionizers, HEPA, Furniture for Spacing, etc.)						2,239,348	131,685	1,465,882
Technology for Students						151,755	1,701,190	62,838
Technology for Staff						144,765	14,134	62,784
Personal Protective Equipment (PPE)						455,619	0.00	0.00
Instructional Supplies, Software, Assessments, Related						64,281	488,821	1,372,994
Transportation						441,648	109,025	162,442
Child Care / Child Nutrition Support						882,597	0.00	0
Total						6,124,648	11,490,144	12,348,886
Remaining Balance						153,459	39,762	0

As of May 31, 2024

LCAP



Budget



WooHoo

