



Special Meeting/ Study Session

February 8, 2022

Facilities Update

- LHS Imperial
- LHS Bullis
- Projects in Construction
- Projects in Bid & Award
- Projects In Planning
- HVAC
- PA & Clock System Update
- Furniture

LHS Imperial Update

- Pre Approved DSA Plans to be submitted by the end of February

- Financial Hardship Update

- Eligibility for 82 Classrooms: \$231,380,654

State Funding: \$31,949,406

- 100 Classrooms: \$279,543,517

State Funding: \$31,949,406

- Demo of G Building \$5,201,003

State Funding: \$2,600,502

- One Story (PAC Rebuild) \$105,050,730

State Funding: \$5,965,367

- One Story Repairs \$24,799,917

State Funding: \$5,965,367

- Make the District Whole \$400 M

LHS Bullis

● Phase 1	\$20.2 M
● Phase 2	
● Rehab Building D	\$3.7 M
● Rehab & Expand Kitchen	\$2.9 M
● New CTE Eng Lab	\$676 K
● Culinary Arts at B Building	\$3.1 M
● Campus Main Entrance	\$918 K
● Refresh Restrooms	\$3.0 M
● Roofing Repairs/Replace	<u>\$7.0 M</u>
	\$21.3 M

Projects in Construction

- District Wide Repair/Replace/Upgrade Fire Alarms: \$4,786,300
 - Rosa Parks
 - LHS Bullis
 - Lindbergh
 - Mark Twain
 - Will Rogers
 - Abbott
- School Security Enhancements: \$2,194,980
 - Washington, Lincoln, Wilson

Projects in Bid/Award

• Will Rogers HVAC	\$3,629,892
• Fencing	
• X,Y and G @ LHS Bullis	\$49,229
• G Building Imperial	\$49,229
• Helen Keller	\$311,575
• Lindbergh Cul-de-sac	\$311,575
Total:	\$4,351,500

Projects in Planning

Del Terra Managed

- Classroom Upgrades \$7.7 M
- Electrical Upgrades/Infrastructure \$6.4 M
- Sports Fields \$12.5 M

District Managed

- FHS CTE-Bio Med \$1.7 M
- Roofing Abbott ES \$313 K
- Roofing FHS \$870 K
- Classroom Upgrades \$7.3 M

HVAC Upgrades

- \$20 million in ESSER 3 plan for HVAC Upgrades-Total Need is \$85 million
- Site Priority from Highest to Lowest
 1. Will Rogers
 2. Lincoln
 3. Lugo
 4. Mark Twain
 5. Lindbergh
 6. Wilson
 7. Rosa Park
 8. Washington
 9. LHS Bullis
 10. CCMS
 11. HMS

HVAC

12. Abbott

13. FHS

14. Roosevelt

15. Marshall

16. Vista

17. Keller

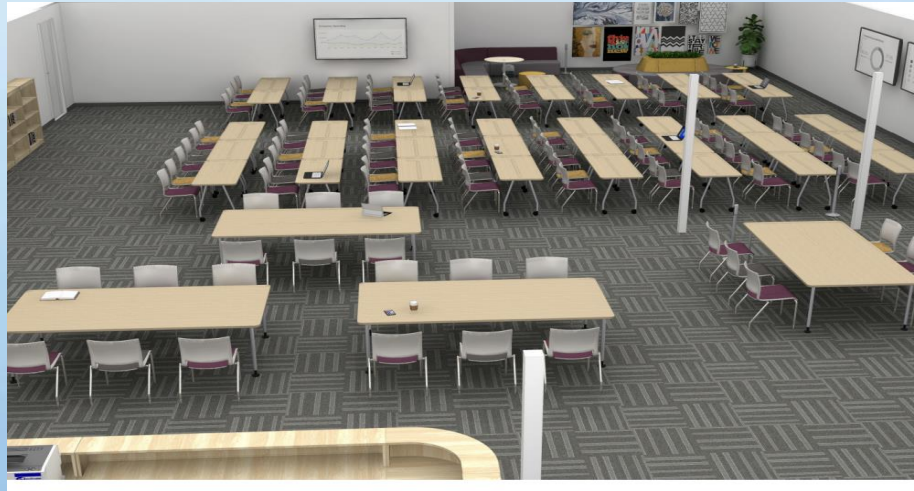
18. Pathways/DO

PA and Clock Update

- \$1 million in ESSER 3 Plan to address the need at ALL School Sites.
- FHS is set to begin March 1, 2022 Pending Materials.

Furniture

- \$6.1 Million in ESSER 3 for Furniture
- Total need District Wide \$20 Million



Furniture

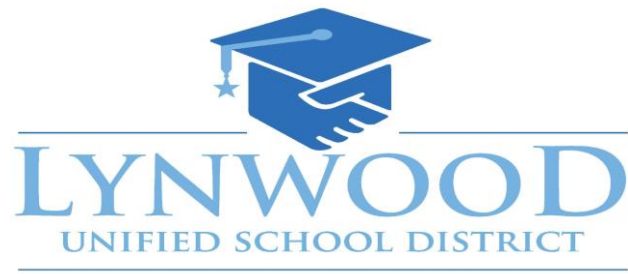


Furniture



Furniture





Budget Update

February 8, 2022



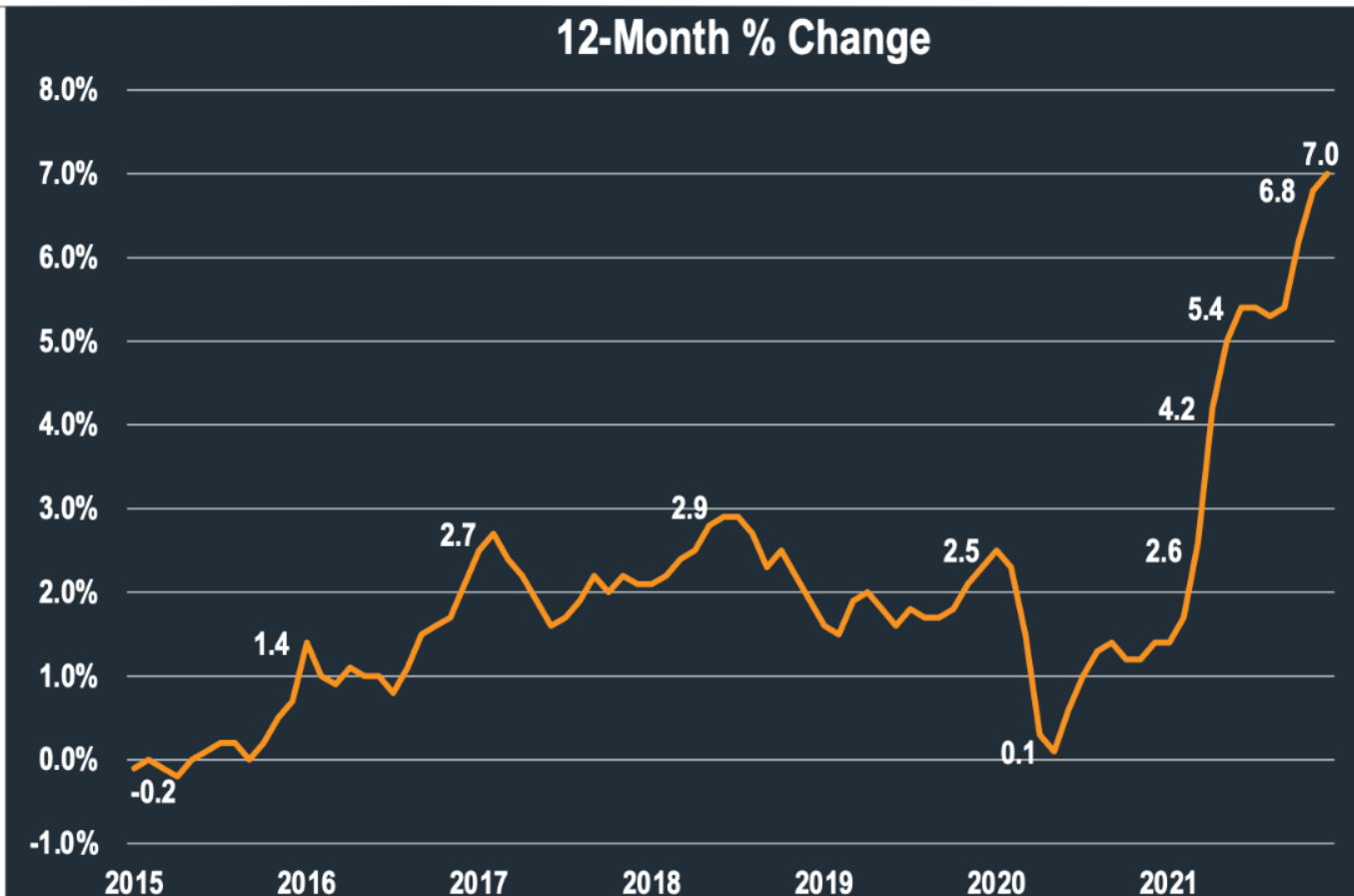
Proposition 98 and the Education Budget

- **Proposition 98 in the 2022-23 Governor's Budget reaches an all-time high**
 - **Provides \$16.1 billion in new revenues for K-14 education**
 - **But there are strings**
 - **For the first time, most school districts will be required to spend down their reserves**
 - **A sizeable share of new funding is proposed for restricted purposes, leaving few resources to address increased costs associated with soaring inflation and rising pension obligations**



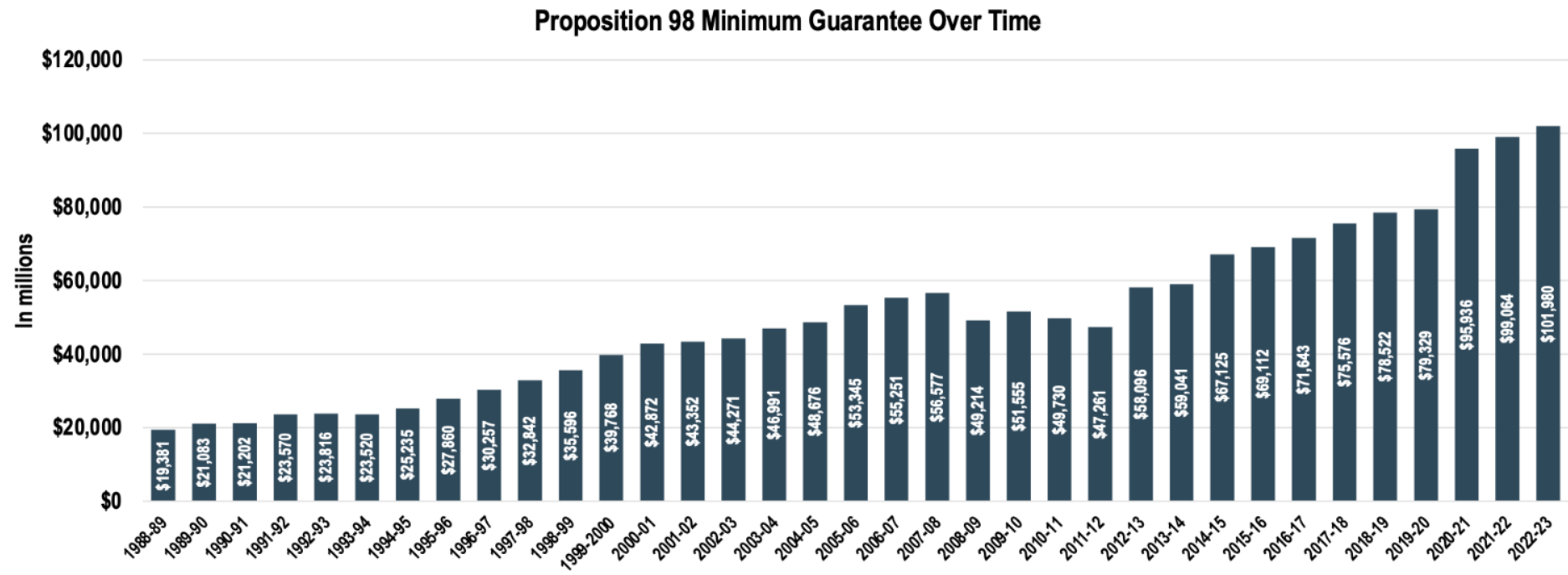
Inflation

- The confluence of federal stimulus funds, pent up consumer demand for goods, and scarce supplies have contributed to an historic rise in inflation not seen in over 30 years—as measured by the Consumer Price Index—which increased by 7.0% in 2021



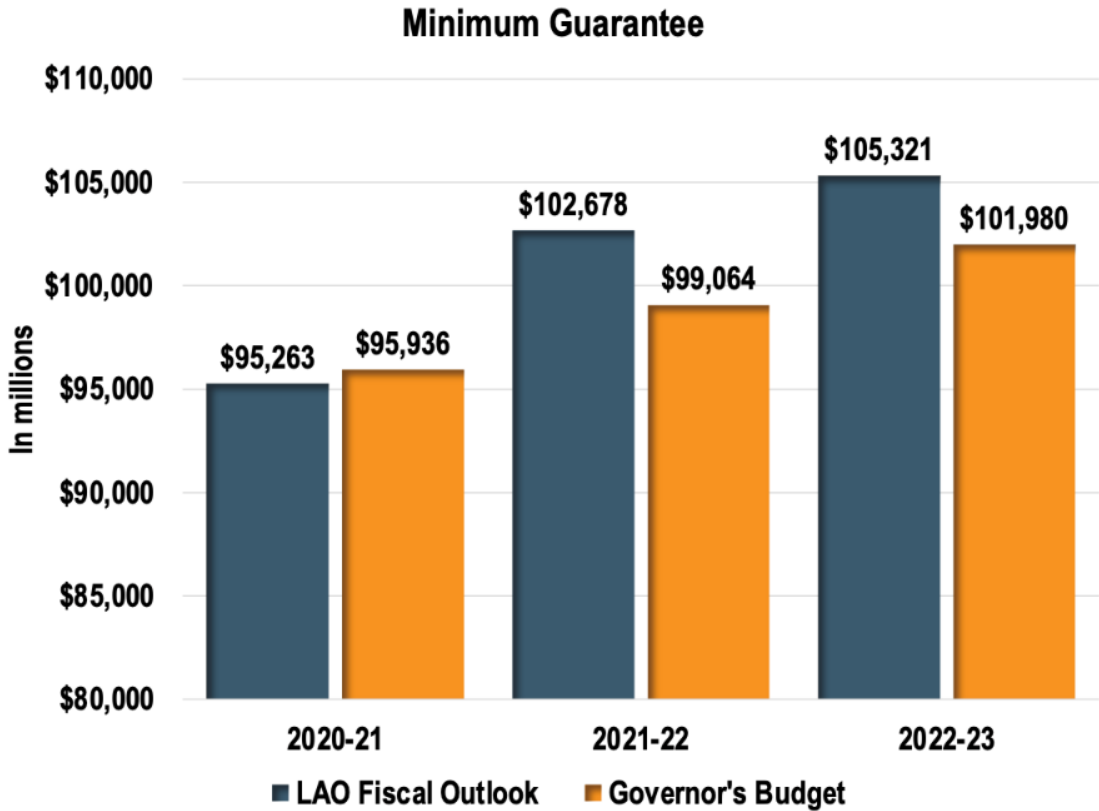
Proposition 98

- The minimum guarantee continues its ascent to new heights, reaching \$102 billion in 2022-23
- Since its passage, Proposition 98 has increased by over 426%



Proposition 98

- There are state revenue estimate differences between what the Legislative Analyst's Office (LAO) predicted for California in its 2022-23 *Fiscal Outlook* and the 2022-23 Governor's Budget
 - Because Proposition 98 is determined by Test 1, the revenue differences impact the minimum guarantee in each year of the Budget window
 - In May, the Legislature and the Governor will need to come to an agreement on revenues



Reserve Cap

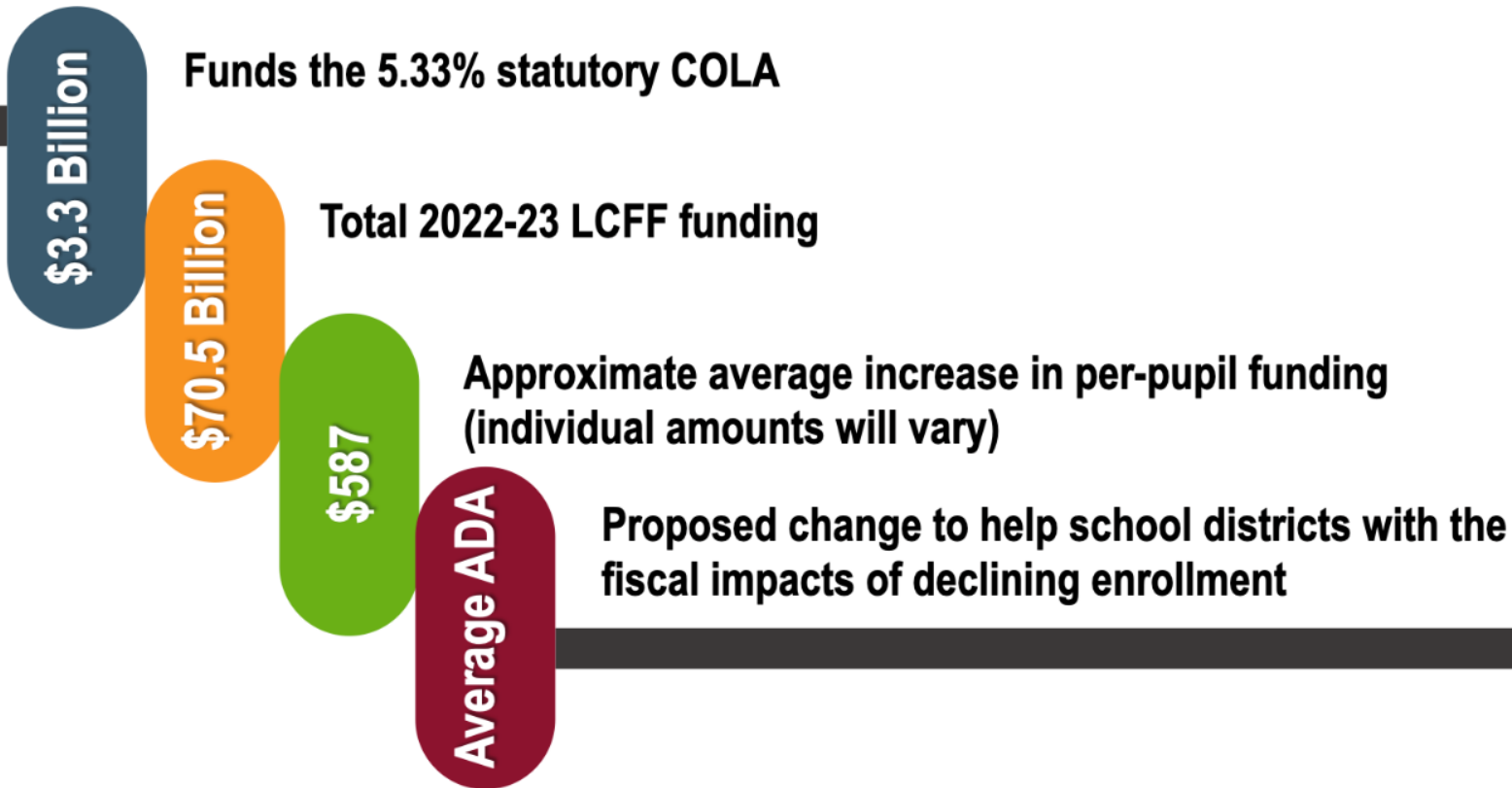
- **Senate Bill (SB) 751 (Chapter 674, Statutes of 2017) set the threshold for triggering the cap on district reserves and the limits of how much school districts can maintain in their local reserves**

**When the state reserve
reaches 3% of the
K-12 portion of
Proposition 98 in that
year**

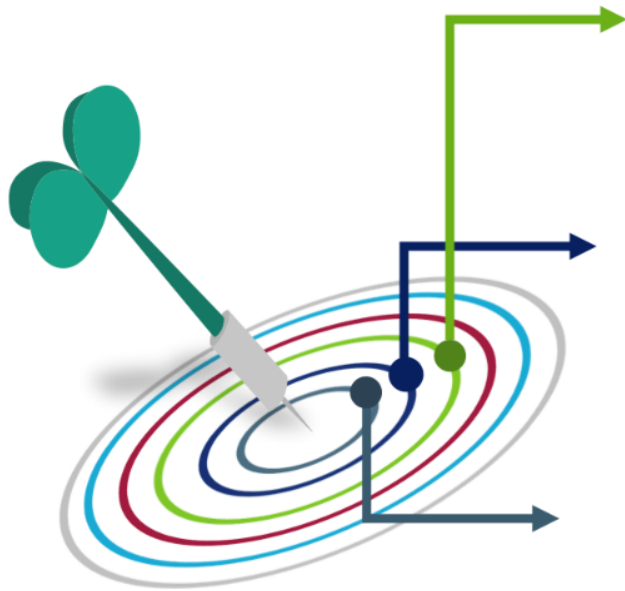
**Caps district reserves
at 10% using assigned/
unassigned ending
balance of General and
Special Reserve Funds**

**Exempts basic aid
districts and districts
with fewer than 2,501
ADA**

2022-23 LCFF Overview



Multiyear Projections

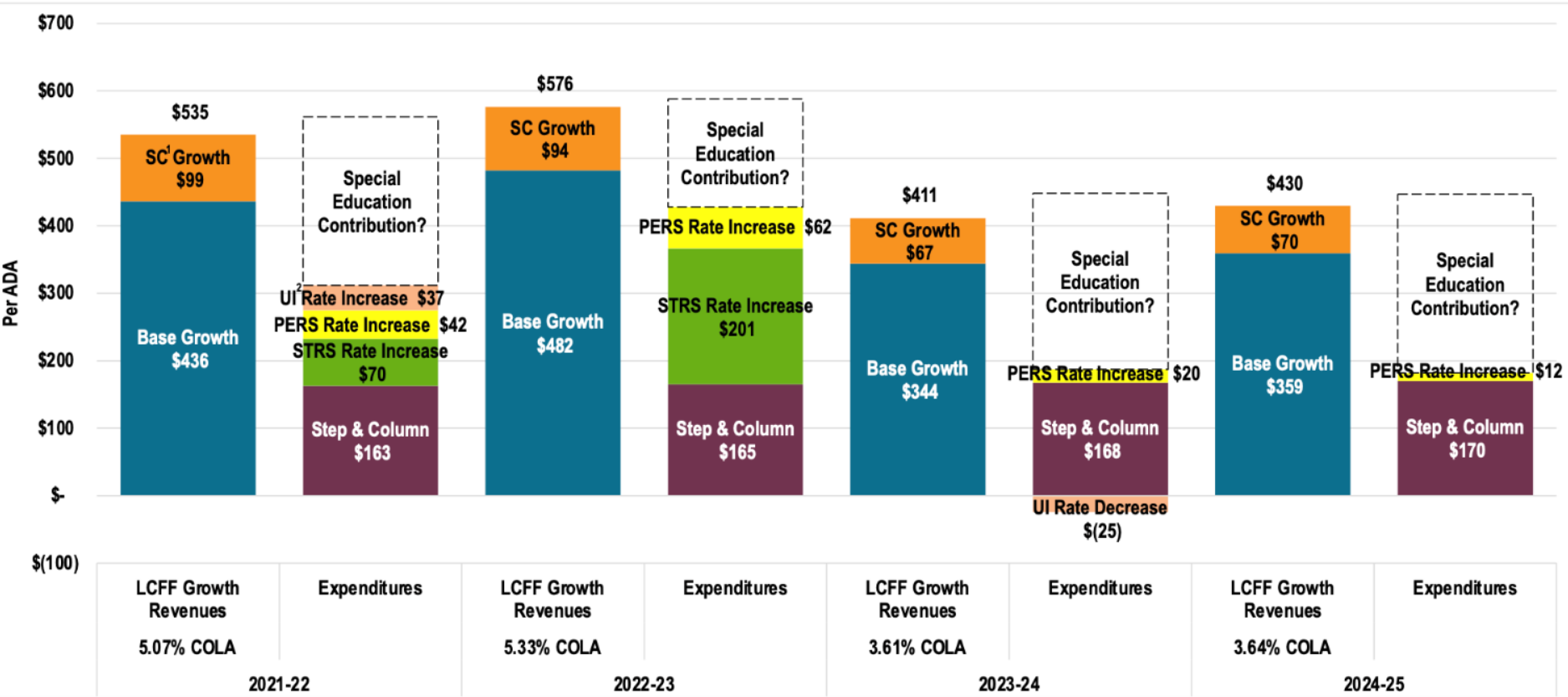


Multiyear projections are required by Assembly Bill (AB) 1200 and AB 2756

Projections are anchored in reliable information as of the date of the projection—they are NOT forecasts

Projections will change any time the underlying factors change

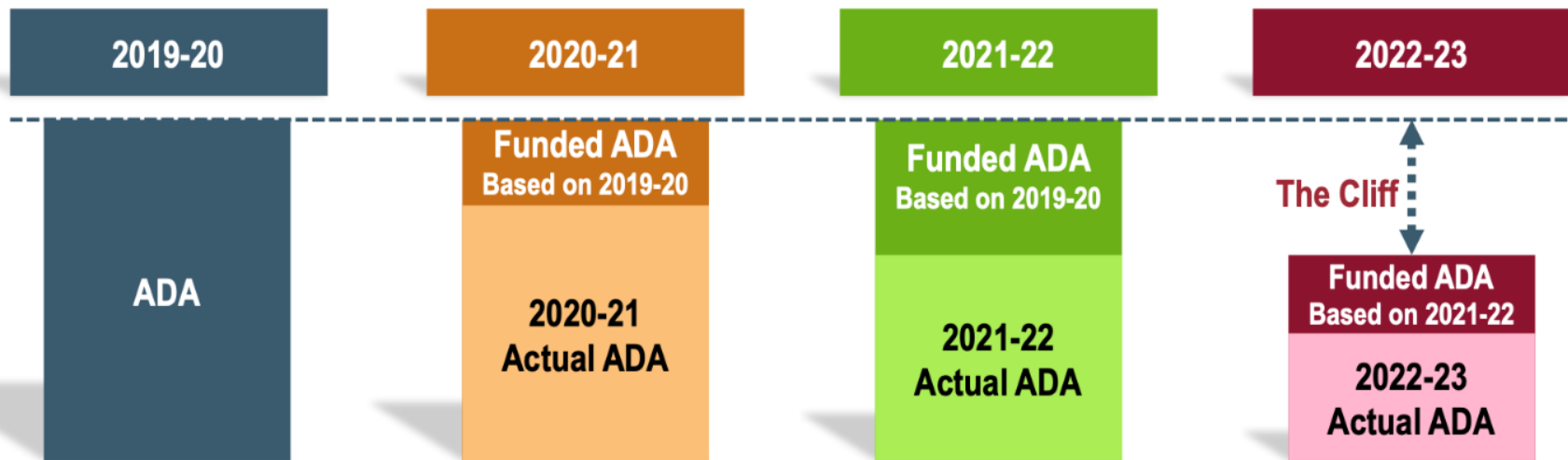
Cost Pressures on Multiyear Projections



¹Supplemental and concentration; ²Unemployment insurance

2022-23 ADA “Cliff”

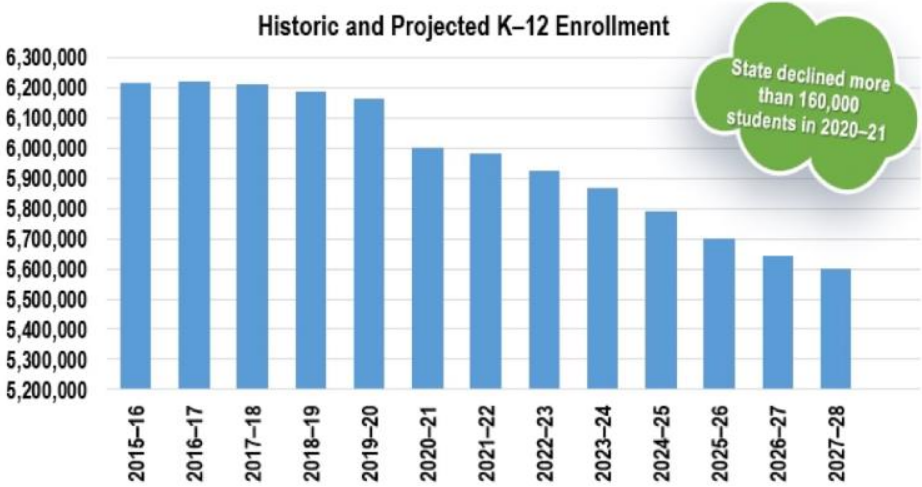
- The ADA “Cliff” has been well-publicized and the subject of many discussions
 - For charter schools and COEs, the impact is already being felt in 2021-22
- Good news—the Governor and Legislature are listening and hearing your collective voices



2022-23 ADA “Cliff”

- The ADA “Cliff” has become a two-headed monster—the combination is significant

Declining Enrollment



Source: Department of Finance (DOF) Demographic Research Unit, revised June 2021
Actual enrollment data through 2020-21

ADA-to-Enrollment Percentage

- The rate at which children are attending school is on the decline
 - In Person
 - Unsigned master agreements
 - Homework not returned in a timely manner
 - Independent study

ADA Cliff—Proposed Solution

- Many solutions have been entertained, and the Governor included one additional option:

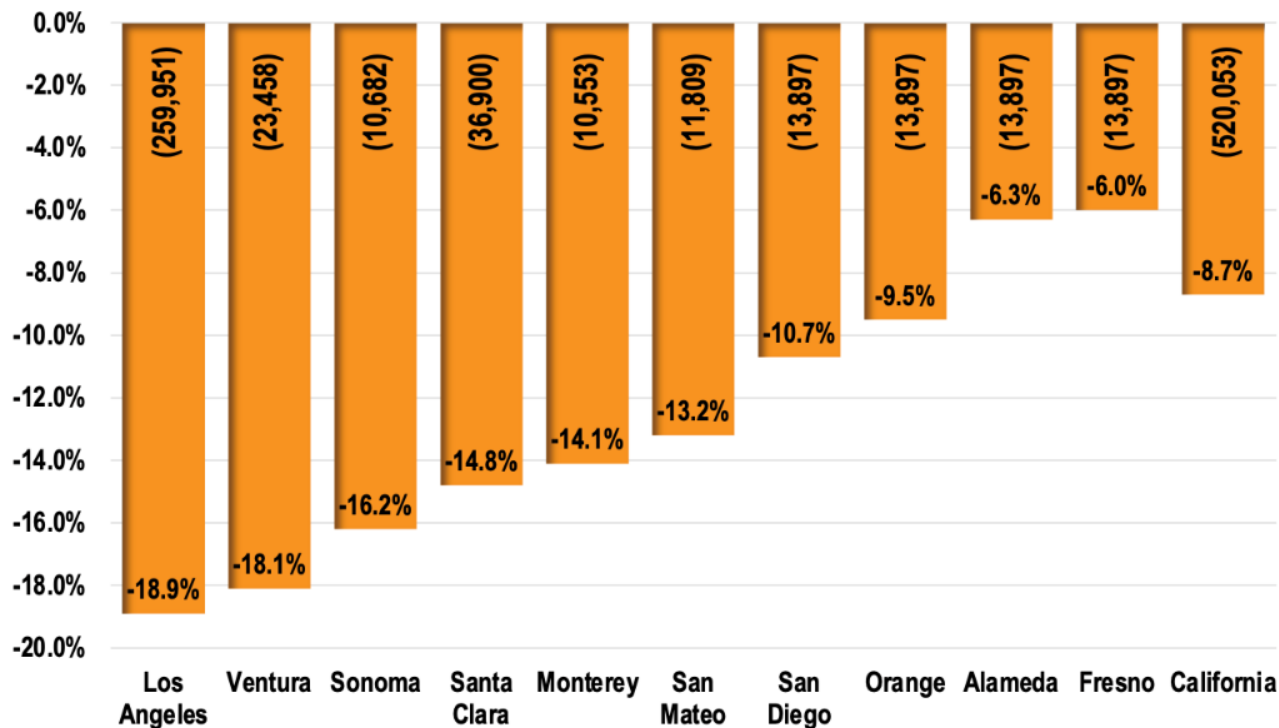
Current Law for School Districts

**Education Code Section (EC §)
42238.05(a)(1) provides funding
through the LCFF on the greater of:**
Current Year ADA
or
Prior Year ADA

Governor's Proposal for School Districts

**Funding would be based on the
greater of:**
Current-Year ADA,
Prior-Year ADA
or
**Computed average ADA using the
prior three years' ADA**

Declining Enrollment Projections 2021-22 to 2030-31



- Most areas in the state are affected by declining enrollment, but to differing degrees:
 - 10 counties are projected to lose 10,000 or more students between 2021-22 and 2030-31
 - 19 counties will lose students at a rate faster than the statewide average of 8.7%
- Enrollment trends for each LEA are unique to the community and student populations they serve
- Enrollment trends impact the bottom line—in the current year and the out-years

Source: Department of Finance

CalPERS Employer Contribution Rates

- Governor Newsom did not propose providing relief towards the CalPERS for LEAs
- Based on the latest information from CalPERS, the employer contribution rate for 2022-23 would increase from the current rate of 22.91% to 26.10%

	Actual	Projected				
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Employer Contribution Rate	22.91%	26.10%	27.10%	27.70%	27.80%	27.60%

CalSTRS Employer Contribution Rates

- Similar to CalPERS, the Governor does not include any new funding towards CalSTRS for LEAs
- SSC recommends that LEAs anticipate a CalSTRS employer contribution rate of 19.10% in 2022-23 based on the best information available to date from CalSTRS
 - An increase of 2.18% compared to what LEAs are currently contributing in 2021-22 at 16.92%

Effective Date	CalSTRS Funding Plan Increases	
	Rate	Year-over-year change
July 1, 2013	8.25%	No increase since 1986
July 1, 2014	8.88%	0.63%
July 1, 2015	10.73%	1.85%
July 1, 2016	12.58%	1.85%
July 1, 2017	14.43%	1.85%
July 1, 2018	16.28%	1.85%
July 1, 2019	17.10%	0.82%
July 1, 2020	16.15%	-0.95%
July 1, 2021	16.92%	0.77%
July 1, 2022	19.10%	2.18%

LCFF Legislation

■ Several significant LCFF measures have already been introduced in this young legislative year:

- AB 1607 (Muratsuchi, D-Torrance) would shift to using a three-year rolling average of ADA, in place of the current methodology which relies on current-year or prior-year ADA
- AB 1609 (Muratsuchi) and SB 579 (Allen, D-Santa Monica) would, for the 2022-23 fiscal year, require the CDE to use the greater of an LEA's 2019-20, 2021-22, or 2022-23 ADA for purposes of apportionments under the LCFF
- AB 1614 (Muratsuchi) would increase the LCFF by \$4.2 billion above 2022-23 COLA
- SB 830 (Portantino, D-La Cañada Flintridge) would establish a process for school districts and county offices of education to apply for “supplemental education funding” using “average daily membership” data
 - At least 50% of an LEA's supplemental funding would have to be used to address chronic absenteeism and habitual truancy



Governors Proposal

2022-23	1st Interim	Governors Proposal	Changes
LCFF Revenue	\$144,659,879	\$165,369,252	\$20,709,376
Ending Fund Balance	\$12,457,881	\$33,152,670	\$20,694,789
Deficit	-\$26,940,470	-\$6,245,681	\$20,694,789
2023-24	1st Interim	Governors Proposal	Changes
LCFF Revenue	\$148,402,647	\$152,036,601	\$3,633,954
Ending Fund Balance	-\$12,226,529	\$12,102,214	\$24,328,743
Deficit	-\$24,684,410	-\$21,050,456	\$3,633,954

Governors Proposal COLA Only

2022-23	1st Interim	5.33% COLA	Changes
LCFF Revenue	\$144,659,879	\$151,282,466	\$6,622,587
Ending Fund Balance	\$12,457,881	\$19,065,884	\$6,608,003
Deficit	-\$26,940,470	-\$20,332,467	\$6,608,003
2023-24	1st Interim	3.61% COLA	Changes
LCFF Revenue	\$148,402,647	\$152,036,601	\$3,633,954
Ending Fund Balance	-\$12,226,529	-\$1,984,572	\$10,241,957
Deficit	-\$24,684,410	-\$21,050,456	\$3,633,954

Budget Challenges/Concerns

- Concentration Grant Funding Requirements
- Declining Enrollment
- Aligning Personnel Costs with Enrollment/ADA
- Employee Pension Costs
- Structural Deficit Spending

What's Next

- Second Interim March 10th BOE Meeting
 - COLA only from Governor's Budget Proposal.
 - Qualified Certification
- May Revise
 - COLA per LAO could increase to 6.17% for 22-23



LYNWOOD

UNIFIED SCHOOL DISTRICT
