

# SYLVAN UNION SCHOOL DISTRICT

## 2017-18 BUDGET ASSUMPTIONS

### PURPOSE:

The purpose of the budget assumptions is to provide the District with an infrastructure for preparing the budget. The predominant influence on the following assumptions is the Governor's May Revise budget for the State of California. Other assumptions will be based upon District input and prior year trends as well as external sources or conditions when appropriate. The following assumptions are used in generating the budget for the 2017-18 fiscal year.

### OVERALL ASSUMPTIONS:

- Enrollment projection for 2017-18 shows a decline of 88 pupils compared to 2016-17. The projected enrollment for 2017-18 is 8,014 compared to the following:
  - 2011/12 8,126
  - 2012/13 8,192
  - 2013/14 8,178
  - 2014/15 8,283
  - 2015/16 8,190
  - 2016/17 8,102
- Staffing Guidelines:
  - TK – 3 = Average (24.0)/1 (Target for each class will be 25/1 but will vary based on grade and school enrollment to ensure GSA requirements)
  - 4 – 6 = (32.0) / 1
  - 7 – 8 = (32.0) / 1

### REVENUE ASSUMPTIONS:

- Local Control Funding Formula (LCFF) estimates will be based on 2016-17 average daily attendance (ADA) 7,760.61 and 54.9% of unduplicated count of "targeted" disadvantaged students. The estimated 2017-18 LCFF revenue is \$64,991,652 based on the following per ADA dollars and assumptions.

	TK – 3	4 – 6	7 - 8
Base	\$ 7,193	\$ 7,301	\$ 7,518
Class Size	\$ 748		
Supplemental/Concentration	\$ 872	\$ 802	\$ 826

	July 1, 2017	Second Interim	First Interim	July 1, 2016
COLA	1.56%	1.48%	1.11%	1.11%
Gap Funding %	43.97%	23.67%	72.99%	73.96%
Unduplicated Pupil %	54.92%	54.90%	54.67%	56.16%

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### New Table:

	2017-18	2018-19	2019-20	2020-21
LCFF Revenue Per ADA	\$8,056.66	\$8,275.73	\$8,604.99	\$8,857.10

- Below are dollars set aside in a locally defined account.

- 3.1 Instructional Material adoptions, \$450,000 ongoing set-aside, \$574,380 additional for textbook 2017-18 adoption, for a total of \$1,024,380.
- 3.2 Pupil Transportation \$952,008
- 3.3 Local Control Funding Formula Supplemental \$5,067,096
4. Lottery unrestricted revenue will be calculated at \$144.00 per unit of annual attendance and is projected to be \$1,117,527.
5. Lottery restricted revenue for instructional materials will be calculated at \$45.00 per unit of annual attendance and is projected to be \$349,227.
6. The District receives Special Education funding based on its average daily attendance entered into a formula by the Special Education Local Plan Area (SELPA).

### EXPENDITURE ASSUMPTIONS:

7. Salaries
  - 7.1 Step increases are reflected for those employees who qualify for movement based upon their longevity with the District.
  - 7.2 Column increases are budgeted for those certificated employees who have indicated completion of the required number of units.
  - 7.3 Vacancies created due to retirements or employees indicating the intent not to return are budgeted as follows:

Certificated:	Class D, Step IV
Classified:	Step 2, Range per Classification
Administrative:	Step 3, Range per Classification
  - 7.4 Certificated teaching positions will be consolidated by approximately six full time equivalents due to the projected decrease in enrollment. Additional certificated teaching positions for the Local Control Funding Formula requirement to ensure compliance with state required grade span average will continue.
  - 7.5 The District has settled with the Sylvan Educators Association for the 2016-17 fiscal year. Items with a financial impact are listed below:
    - 2% increase over the 2015-16 salary schedule, ongoing
    - 1% one-time bonus for 2016-17 only

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- Masters stipend increase from \$2,077 to \$2,119, a \$42 or 2% increase
- Additional 2 contract days
- New Doctorate stipend, \$2,474
- Speech and Language Pathologist stipend increase from \$5,756 to \$5,871, a \$115 or 2% increase
- Hourly rate from \$33.86 to \$34.54, \$0.68 or 2% increase, ongoing
- Leadership stipends at 10 elementary sites
- Various activity stipends changes

The California School Employees Association has not settled negotiations for the 2016-17 school year.

8. Costs resulting from a paid leave of absence are budgeted under the corresponding program.
9. For federally funded programs, the positions allocated are reflective of the funding available.
10. Health insurance premium increases for the budget year for Sutter, Kaiser, Dental and Vision are estimated at 7%.
11. Employer statutory benefits for the budget year are estimated with the following rates.

STRS	14.43%
PERS	15.531% (previously 15.8%)
OASDI	6.20%
Medicare	1.45%
Unemployment	0.05%
Workers Comp	1.10%

12. School sites receive an allocation for instructional and non-instructional materials based on a formula as follows:
  - K-5 Traditional \$51.16 / enrolled
  - 6-7-8 \$66.93 / enrolled
  - \$150.00/Classroom Teacher
13. Based on costs estimated for the Next Generation Science Standards adoption for the 2017-18 school year, and calculating the need to provide lab and hands on materials for Science, \$3.2 million has been budgeted for the science adoption. An additional \$150,000 is budgeted for ongoing consumables and instructional materials.
14. Actual costs for special education are dependent on the type of services that the District is required to provide each individual student. For the District to provide these specialized services, a contribution from General Education Funding is necessary. The contribution

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for 2017-18 is projected to be \$12,352,512. An additional moderate/severe class at Sherwood Elementary is anticipated for 2017-18 due to an increase of students, in particular in grades two and three. The estimated cost to add this class is approximately \$185,000 to \$200,000.

15. The following are projected increases or savings over prior year for utilities:

Natural Gas	16.0%
Electricity	-7.0%
Water, Sewer & Storm Drain	0.0%
Telephone	-10.0%
Trash Disposal	-3.0%

16. Liability insurance rates are projected to increase by 5% over the 2016-17 rates as advised by the District's Risk Manager for a total cost of \$252,366.
17. The Stanislaus County Office of Education (SCOE) service agreement is projected to be \$299,365. County services include Audiology Screening Services, Internet/Telecommunications Access, Media Streaming, Mail Delivery, Teacher Induction Program, Administrator Induction Program, and Information Systems for accounting, budget, and human resources. Outdoor Education for 6<sup>th</sup> grade students under a separate agreement is projected in the amount of \$118,000 for a four-day program.
18. Pupil Transportation expenditures for 2017-18 are planned to be \$967,412. Under the Local Control Funding Formula the district must expend no less than the amount expended in 2012-13, \$200,268 of State funds.
19. There will be Debt Service payments for the budget year to pay for the California Energy Commission (CEC) loan. Payment amount is estimated at \$88,000 a year.
20. As a requirement of receiving state General Obligation bond funding for facilities, pursuant of Education Code 17070.75, 3% of General Fund expenditures must be set aside in a Routine Restricted Maintenance Account. For 2017-18 the transfer is estimated at \$2,608,798.
21. An annual transfer to the Facilities Improvement account in the amount of \$300,000 will provide funding for facilities projects.
22. Indirect / Direct Costs:
- 22.1 Inter-program indirect costs will be calculated at the maximum allowable rate per program. The District's indirect cost rate is 4.44%.

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- 22.2 Cafeteria Fund will be charged indirect costs for the 2017-18 fiscal year using the district rate of 4.44%. Education Code Sections 38101(c) and 52616.4(a)(3) specify that the indirect cost rate for Cafeteria Funds is the lesser of the school district rate or the statewide average rate.
- 22.3 Direct costs will be charged to the Childcare Fund for staff time to support the program, use of facilities, and transportation services.

#### **TRANSFERS:**

23. Annually, \$337,000 is transferred to Other Post-Employment Benefits for future costs in post-employment benefits.
24. Annually, \$200,000 is transferred to Special Reserve for Capital Projects for bus replacement.
25. Annually, \$25,000 will be transferred to Special Reserve for Capital Outlay for equipment replacement.

#### **BALANCES:**

26. Reserve for “Economic Uncertainty” of 3% will be maintained.
27. Insurance Deductible Set-aside for insurance claims is estimated at \$200,000.
28. Professional Learning Set-aside is estimated at \$425,000.

#### **BUDGET UPDATE:**

The budget is developed in support of the Local Control and Accountability Plan (LCAP). The purpose of the LCAP is to provide information on services and programs planned by the District to support positive student outcomes across a broad spectrum of areas. The LCAP and the proposed budget documents are presented to the Board of Trustees concurrently for adoption at one meeting.

The District’s budget is built with the information proposed by the Governor in the May Revise.

#### **NEW SECTION**

##### **Activities that will be carried over from 2016-17 to 2017-18**

- Facilities projects – funding source Facilities Improvement fund
- Professional development with Solution Tree – funding source Title I

#### **Changes to 2016-17 Estimated Actuals**

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- Added 2% ongoing salary increase and 1% one-time bonus – funding source unrestricted general fund and various restricted programs
- Removed middle school electives set-aside – previously on MYP (multi-year projection), Components of Ending Fund Balance, under Assigned

#### Changes to the 2017-18 Budget

- Removed one-time discretionary revenue due to proposed apportionment in two years, May 2019
- Continued 2% ongoing salary increase – funding source unrestricted general fund and various restricted programs
- Included 2 additional contract days for one year only, 2017-18 – funding source unrestricted general fund and various restricted programs
- Code X summer program and teachers' salaries and benefits –funding source unrestricted general fund
- Sylvan Elementary STEAM furniture and technology – funding source unrestricted general fund and technology fund
- Various changes to activity and other stipends – funding source unrestricted general fund
- Debt payment for CEC loan – funding source unrestricted general fund
- Furniture and equipment replacements – funding source unrestricted general fund
- Additional professional development – funding source unrestricted general fund
- NGSS textbooks – funding source Instructional Materials fund
- One additional Special Education class – funding source Special Education fund

#### FUTURE BUDGET CONSIDERATIONS:

In 2013-14 the State Teachers Retirement System and Public Employees Retirement System determined there was a need to increase rates. Both organizations set rates through 2023-24. The rate changes are shown below.

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
STRS	12.58%	14.43%	16.28%	18.13%	19.10%	19.10%	19.10%	19.10%
PERS	13.888%	15.531%	18.1%	20.8%	23.8%	25.2%	26.1%	26.8%

As with the retirement systems, increased costs of other post-employment health benefits are a consideration. The contribution to the other post-employment benefits reserve will be \$337,000 for an estimated reserve balance of \$1 million. The former is approximately half the estimated contribution amount suggested by the latest actuarial report.

The increase of minimum wage to \$15.00 by \$1.00 per hour each year beginning January 2017 through January 2022 will have a financial impact that is unknown at this time. However, it is under review by staff.