

Sylvan Union School District 2018-19 Budget Assumptions

Yellow Highlights - Changes/Updates

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 proposed 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 will be used in generating the budget for the 2018-19 fiscal year.

Enrollment and ADA (Average Daily Attendance) for Revenue Purposes

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Enrollment	8,190	8,102	8,058	8,038	8,018	7,998
Increase / (Decrease)	(93)	(88)	(44)	(20)	(20)	(20)
Reported 2017-18 P-2 ADA						
ADA	7,865	7,761	7,718	7,699	7,679	7,660
Increase / (Decrease)	(93)	(105)	(43)	(19)	(20)	(19)
3-Year Average Retention	96%					

Staffing Guidelines

- **Grades TK - 3** = Average (24.0) / 1 (Target for each class will vary based on grade and school enrollment to ensure compliance with GSA requirements.
- **Grades 4 - 6** = (32.0) / 1
- **Grades 7 - 8** = (32.0) / 1

Local Control Funding Formula

- Full implementation of LCFF is proposed by the Governor for fiscal year 2018-19.
- Funding is based on using the latest FCMAT (Fiscal Crisis & Management Team) LCFF calculator (v19.1a) which includes the following factors:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
COLA (Statutory)	0.00%	1.56%	2.71%	2.57%	2.67%
<i>Previous</i>			2.51%	2.41%	2.80%
Gap Funding %	56.08%	45.17%	100%	100%	100%
<i>Previous</i>		44.97%			
UPP	54.94%	55.76%	55.67%	55.86%	55.16%
<i>Previous</i>			55.35%	55.35%	54.47%
(Unduplicated Pupil Count)					

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LCFF COLA 3.00%

Grade Span	TK - 3 <i>Previous</i>	4 - 6 <i>Previous</i>	7 - 8 <i>Previous</i>
Base	\$7,409 \$7,374	\$7,520 \$7,484	\$7,744 \$7,707
Class Size	\$771 \$767	\$0	\$0
Supplemental	\$911 \$901	\$837 \$828	\$862 \$853
Concentration	\$27 \$14	\$25 \$13	\$26 \$13

Federal, State, and Local Revenues

- Below are dollars set aside in a locally defined account:
 - Textbook adoption and other instructional materials for adoption, \$450,000 ongoing set-aside
 - One-time Discretionary funding set aside for textbook adoption
 - \$2,199,872 estimated
 - Classroom technology replacements, \$100,000 ongoing set-aside
 - Redirected \$375,000 set aside for textbooks to classroom technology replacements
 - Approximately \$288,000 of the \$425,000 set aside for Professional Learning will be carried over to fiscal year 2018-19
 - Pupil Transportation approximately \$1 million

- Federal, State, and Local revenues were adjusted for COLA with the following percentages:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
COLA	0.00%	1.56%	2.71%	2.57%	2.67%

- Federal, State, and Local revenues were adjusted for one-time revenues and estimated Federal carryover.
- Unrestricted Lottery (RS 1100) revenue was calculated at \$146 per unit of annual attendance, currently estimated at \$1.1 million.
- Restricted Lottery (RS 6300) revenue was calculated at \$48 per unit of annual attendance, currently estimated at \$370,000.
- The District receives Special Education funding based on its average daily attendance entered into a formula by the Special Education Local Plan Area (SELPA).

Salaries and Benefits

- Step increases are included for those employees who qualify for movement based upon their longevity with the District.
- Column increases are budgeted for those certificated employees who have indicated completion of the required number of units.

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- 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
- The SUSD Board has approved the Tentative Agreement between SUSD and the Sylvan Education Association agreement for the 2017-18 school year with a 1.56% increase to the certificated salary schedule.
- The SUSD Board has approved the Tentative Agreement between SUSD and the California School Employees Association agreement for the 2017-18 school year with a 1.56% increase to the classified salary schedule.
- For federally funded programs, the positions allocated are reflective of the funding available.
- Salaries and employee benefits previously funded with Educator Effectiveness (program to end June 30, 2018) will be transferred to the unrestricted general fund estimated at \$130,000.
- A 1.0 Psychologists FTE will be added and paid from LEA Medi-cal Billing funds to support increasing caseloads from the addition of special day classes and testing referrals.
- Health insurance premium increases for the budget year for Sutter, Kaiser, Dental and Vision are estimated at 7%.

The following are employer contribution rates for the projected years:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
STRS	12.58%	14.43%	16.28%	18.13%	19.10%	19.10%
PERS	13.888%	15.531%	18.062%	20.8%	23.5%	24.6%
SS	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
SUI	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
W/C	1.1%	0.8%	0.8%	0.8%	0.8%	0.8%
Certificated	15.18%	16.73%	18.58%	20.43%	21.40%	21.40%
Classified	22.688%	24.031%	26.56%	29.3%	32.0%	33.1%

Supplies, Services, Capital Outlay, and Other Outgo

- School sites receive an allocation for instructional and non-instructional materials based on a formula as follows:
 - Grades K - 5: \$51.16 / enrolled
 - Grades 6 - 8: \$66.93 / enrolled
 - \$150.00/Classroom Teacher
- Approximately \$4.1 million has been set aside for textbook adoption.
 - Of the \$4.1 million, \$3.1 million is planned for History/Social Science adoption during the

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2018-19 school year.

- The remaining balance will be carried over to 2019-20 for Next Generation Science Standards adoption and will be co-funded with restricted Lottery, Instructional Material.

- 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 for 2018-19 is projected to be approximately \$13.9 million (previously \$12.8 million).
- The following are projected increases or savings over prior year for utilities:

• Natural Gas	5.00%	<i>Previously, 10%</i>
• Electricity	-5.00%	<i>Previously, 2%</i>
• Water, Sewer & Storm Drain	6.20%	<i>Previously, 3%</i>
• Telephone	5.00%	
• Trash Disposal	10.00%	<i>Previously, 3% Due to recycling requirements</i>
- Liability insurance rates are projected to increase by 5% over the 2017-18 rates as advised by the District's Risk Manager.
- Induction costs, professional development and consultant fees previously funded with Educator Effectiveness (program to end June 30, 2018) will be transferred to the unrestricted general fund estimated at \$150,000.
- The Stanislaus County Office of Education (SCOE) master agreement (\$299,553) has been approved by the board on March 20, 2018.
 - 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 6th grade students under a separate agreement has not yet been received. It is a four-day program at Foothill Horizons.
- Pupil Transportation expenditures for 2018-19 are planned to be approximately \$1 million. Under the Local Control Funding Formula the district must expend no less than the amount expended in 2012-13 which is \$200,268 of State funds.
- The Debt Service payment for the budget year to pay for the California Energy Commission (CEC) loan will be \$73,085.
- 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.
- The annual transfer to the Facilities Improvement account in the amount of \$300,000 has been redirected to the following areas:
 - \$100,000 for classroom technology replacements
 - \$100,000 to Fund 14 - Deferred Maintenance
 - \$100,000 to Fund 40 - Special Reserve for New Phone System
- Inter-program indirect costs will be calculated at the maximum allowable rate per program. The District's indirect cost rate is 5.41%.
- Cafeteria Fund will be charged indirect costs using the district rate or Cafeteria rate, which ever is

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less. 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.

- Direct costs will be charged to the Childcare Fund for staff time to support the program, use of facilities, and transportation services.
- One-time expenditures and CPI (consumer price index) will be applied in resources, programs, and object categories as applicable.

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
CPI	3.37%	3.58%	3.36%	3.23%
<i>Previously</i>	3.18%	3.22%	3.04%	2.73%

Transfers to Other Funds

- The following interfund transfers are assumed to be ongoing:
 - \$337,000 To Fund 20 - Special Reserve for Postemployment Benefits
 - \$200,000 To Fund 40 - Special Reserve for Buses
 - \$25,000 To Fund 40 - Special Reserve for Equipment Replacement
 - \$100,000 To Fund 40 - Special Reserve for New Phone System**
- **\$662,000**
- The \$100,000 transfer to Fund 14 - Deferred Maintenance is a LCFF transfer instead of an interfund transfer.

Balances

- Reserve for "Economic Uncertainty" of 3% will be maintained.
- Insurance Deductible Set-aside for insurance claims is estimated at \$200,000.
- Funds set aside for Professional Learning and Textbook Adoption will be reflected in the Unrestricted Components of Ending Fund Balance.

Other Budget Considerations

- 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 will be built with the information proposed by the Governor in the May Revise.
- 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. It is under review by staff.