

**FY 2019-20 Budget Planning Staff Recommendations:
April 23, 2019 Board Meeting**

1. SUSD Budget Guidelines:

Purpose: Budget Guidelines were established several years ago to provide standardized expectations from the board for the preparation of the annual budget.

Reflecting on the GFOA best practice recommendation, the history of fund balance reserves of the district, and various economic factors the following is recommended:

Recommendation: It is recommended the Budget Guidelines be modified to include Statement # 2 and Statement #3 as modified.

1. Continue to provide an effective and current educational program, which meets District and state standards at all grade levels, shall be the prime consideration in developing the budget.
2. The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems determines is sufficient to maintain fiscal solvency and stability and to protect the district against unforeseen circumstances (Board Policy 3100).
3. ~~Budgeted expenditures shall not exceed income plus any carry over from prior years.~~
Budgeted expenditures shall not exceed available resources (new revenue + fund balance).
4. Board goals, directions, and priorities will be a driving force in the development of the budget to the extent allowed within the available funding.
5. When the Board authorizes or approves a new goal, project, or program, it shall specify the allocation or reallocation of resources required.
6. When new projects, plans, or programs are presented to the Board for approval, the estimated fiscal impact of the project and available funding sources shall be included. Upon approval, the budget shall be adjusted as deemed appropriate based on the availability of funds.
7. Funds shall be made available in the budget to support current and anticipated collective bargaining commitments in accordance with AB 1285.
8. The budget shall include a General Fund Reserve for Economic Uncertainty of no less than 3% of the total General Fund appropriations in classes 1000 through 7000.
9. Staffing shall be maintained so as to appropriately carry out Board policies, support future growth, and honor collective bargaining agreements.
10. All employees will be provided competitive salary and benefits packages that reflect a level of incentive sufficient to continue to attract and retain qualified people.
11. Furniture and equipment replacement will be funded to the extent that can be justified in relationship to available resources.
12. Supply and equipment formulas in effect for the current year shall be reviewed and adjusted as necessary.
13. Allowance shall be made for increases and/or decreases in the cost of services and supplies; e.g., gasoline, natural gas, electricity, insurance, water, postage, trash collection, telephone services, lease agreements, debt repayment, employee retirement contributions, or benefits mandated by law.

14. Unless there is a mandated level of General Fund participation, all categorical programs shall be self-supporting and, where allowable, shall include allocations for indirect and support costs. Special Education and Transportation are not recognized as self-supporting; however, a goal of self-support shall be maintained. An annual review of each of these programs shall be conducted to ensure as much of a reduction in the use of General Fund dollars as possible.
15. The Cafeteria Fund, Child Care Fund, and Associated Student Body funds shall be self-supporting and, where allowable, shall include allocations for direct, indirect, and support costs. An annual review of each of these funds/programs shall be conducted by the Business Department to ensure they are self-supporting.
16. The Multiple Year Projection budget document shall display General Fund Unrestricted and Restricted revenues and expenditures. This budget document shall be itemized by major revenue and expense categories. Revenues and expenses shall be displayed for the prior year, current year, and projected two years into the future. Detailed budget information shall be available so the Board and the public can examine the components of a specific program.
17. All Special funds, such as Building, Cafeteria, Capital Facilities, Special Reserve Funds, etc., shall be shown separately in a format similar to the Multiple Year Projection budget document.
18. The budget development process will include user friendly information that provides disclosure of anticipated beginning balances, revenues, expenditures and ending balances for all of the District's funds. This information will be provided to highlight the intended uses of these funds during the budget year.
19. A separate accounting shall be maintained to portray the receipt and expenditure of Lottery funds. Lottery funds received in the current fiscal year are not expended until the following fiscal year.
20. Provisions shall be made for an orderly program to preserve the use and value of existing facilities and equipment through capital improvements and preventive maintenance to the extent allowed within the available funding.
21. Any/all debt service obligations shall be included in the budget.
22. Start-up and ongoing expenses related to bringing new schools online shall be identified and budgeted within sufficient time to allow for the adequate transition to the opening of new schools.
23. All carryover funds in Federal categorical programs are considered restricted balances and will be continued as deferred income.

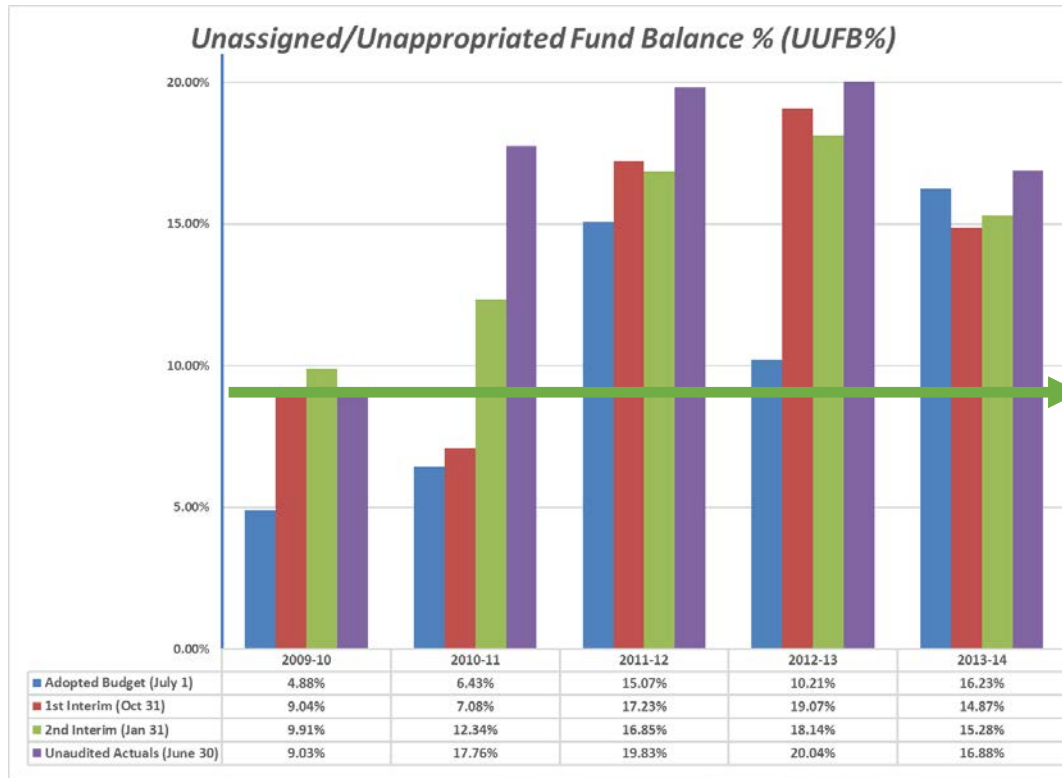
End of Budget Guidelines: Next Page

2. Fund Balance Reserve Recommended Options for Budget Development for Fiscal Year 20

Option 1: The district will maintain no less than an **Unappropriated/ Unassigned Fund Balance of 9%.**

Note: (3 times the required 3% reserve set by the state)

FISCAL YEARS 2010-2014

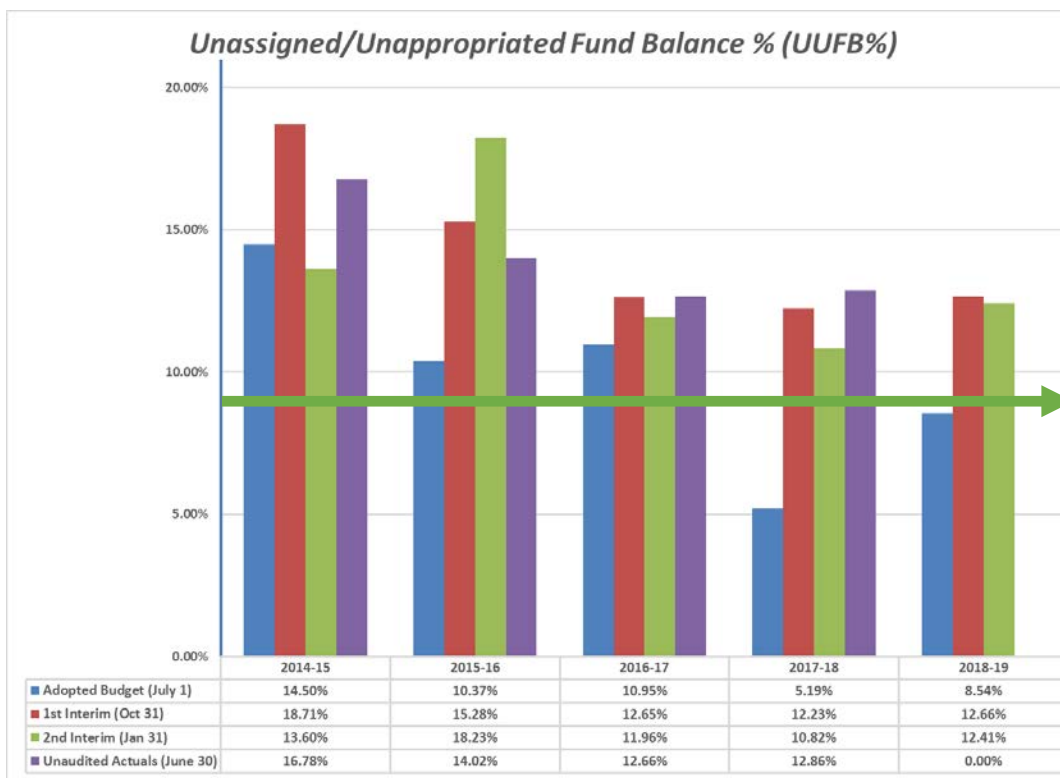


The graphs illustrate the Unassigned/Unappropriated Fund Balance Percent of Total General Fund Expenditures for the Unrestricted Account of the General Fund.

The four required reporting periods for each fiscal year are displayed and include:

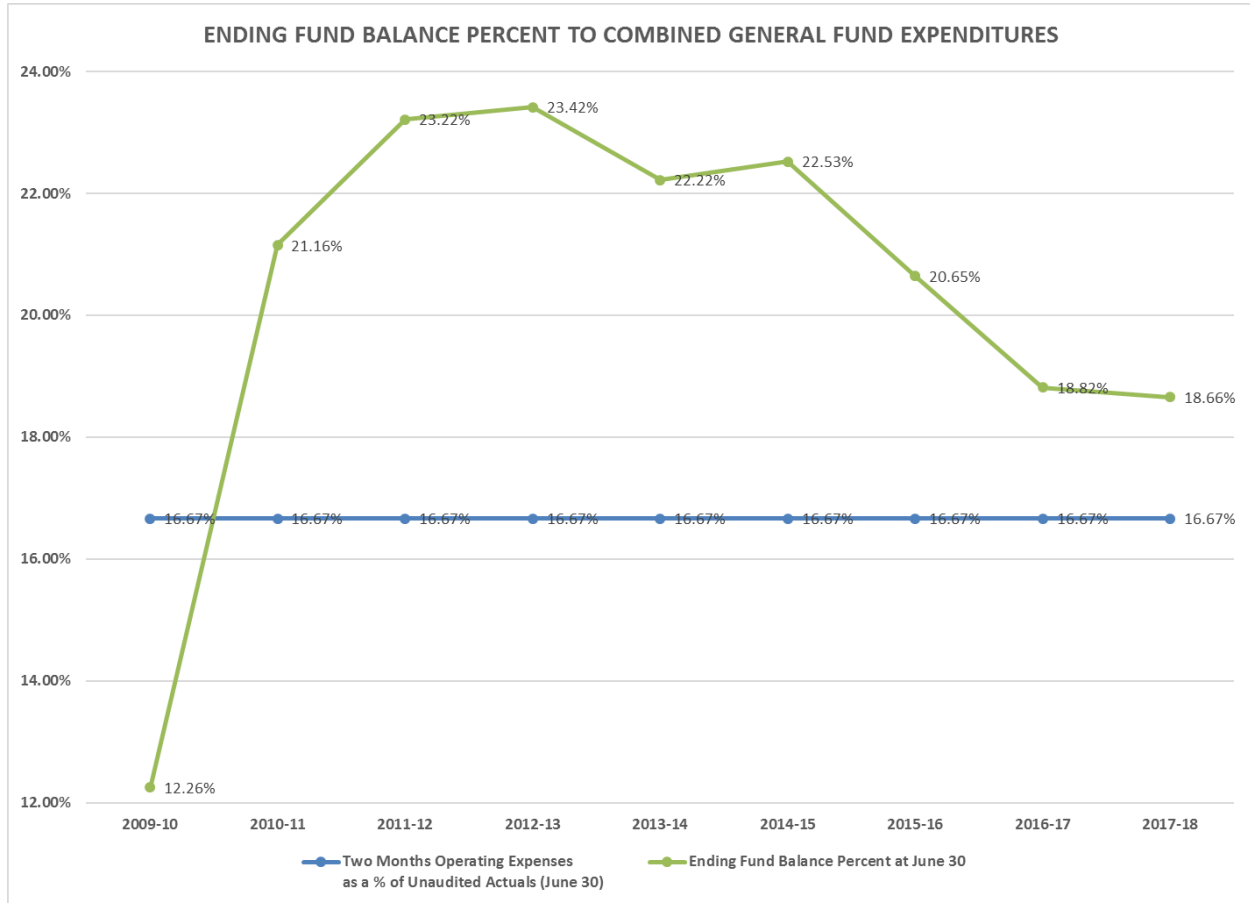
- Adopted Budget (July 1): FY Starts
- 1st Interim (Oct 31)
- 2nd Interim (Jan 31)
- Unaudited Actuals (June 30): FY Ends

FISCAL YEARS 2015-2019 (FY 19 is pending)



Option 2: The district will budget a projected **ending fund balance of no less than 2 months of operating expenses** based on unaudited actuals of the most recent completed fiscal year.

Note: (Two months of operating expenses in FY 2017-18 was \$13,640,850.)



	2009-10	2010-11	2011-12	2012-13	2013-14
Total General Fund Expenditures (June 30)	\$59,847,189	\$53,348,597	\$54,943,068	\$54,818,304	\$59,237,790
Two Months Operating Expenses Unaudited Actuals (June 30)	9,974,532	8,891,433	9,157,178	9,136,384	9,872,965
Two Months Operating Expenses as a % of Unaudited Actuals (June 30)	16.67%	16.67%	16.67%	16.67%	16.67%
Ending Fund Balance Percent at June 30	12.26%	21.16%	23.22%	23.42%	22.22%

	2014-15	2015-16	2016-17	2017-18
Total General Fund Expenditures (June 30)	\$65,304,870	\$75,141,707	\$80,028,676	\$81,845,101
Two Months Operating Expenses Unaudited Actuals (June 30)	10,884,145	12,523,618	13,338,113	13,640,850
Two Months Operating Expenses as a % of Unaudited Actuals (June 30)	16.67%	16.67%	16.67%	16.67%
Ending Fund Balance Percent at June 30	22.53%	20.65%	18.82%	18.66%

Budget Recommendations:

1. Technology Infrastructure Upgrades: \$528,857

Rationale: In light of the technology security breach we have experienced, it is critical that the District contract with an outside vendor to monitor our system and support our current technology staff for cyber security measures. Staff has spoken with local school districts in our area and this is the direction they have taken due to school districts being extremely vulnerable to cyber-attacks.

The costs presented are approximate and we will be issuing a competitive RFQ/P to find the best service for our needs. Once we have our network system up to date and secured, the monthly price for monitoring and back-end support will likely decrease.

Virtualization Equipment and Services: \$250,903 (Replace every 5-7 years)

Ruckus Onboarding Subscription: \$37,800 (Annual)

Annual Subscriptions for Phase II Infrastructure: \$60,154 beginning FY 2020-21

On-going monitoring and back-end support: \$15,000 mth, \$180,000

Total: \$528,857

Note: An additional \$48,268 annual subscription cost is necessary for software already added to maintain first phase of securing the district's network. The cost is not reflected in the total.

Pros: Network equipment and services to better safeguard district's equipment, network, and sensitive information from cyber-attacks.

Disruption to critical student and non-student support operations is minimized.

Cons: Cost

2. Educational Options Classroom Option 1: \$411,370

1.0 FTE Teacher: \$98,006

1.0 FTE Mental Health Clinician: \$117,632

1.0 FTE Social Worker: \$110,664

2.0 FTE Para Behavior Support Specialist: 85,068

Rationale: The Comprehensive Student Support Class (Behavior Class) was developed to address the growing concern for general education students exhibiting extreme behaviors that were not showing signs of diminishing even with our most intensive interventions. These behaviors were concerning, not only for the student exhibiting the behavior, but also for the toll they took on the system. Numerous hours from behavior specialists, counselors, teachers, resource specialists, administrators, psychologists, paraprofessionals, etc were spent in 1:1 and even 2:1 or 3:1 situations to protect other staff, students and the student demonstrating the behavior. Last year, the students experiencing these behaviors, were referred to assessment for special education as our current system does not have any additional levels of support for these extreme behaviors. We continue to receive students throughout the school year that exhibit these types of behaviors.

Pros:

A pro-active rather than re-active approach of providing services to young students exhibiting extreme behaviors.

- 10-12 weeks of Intensive and targeted intervention in a safe supporting environment.
- The goal is to return students to regular classroom rather than special education placement.
- Students exhibiting extreme behaviors are located in one classroom. 100% of staff time assigned to the classroom is devoted to the students and families.
- Supports regular education teachers.
- Reduces referrals to special education.

Cons:

- Cost.
- There are no guarantees of success.

Educational Options Classroom Option 2: \$228,296

1.0 FTE Mental Health Clinician: \$117,632

1.0 FTE Social Worker: \$110,664

Pros:

- Lower Cost than Option 1.
- Additional support for students exhibiting extreme behaviors.
- Allows for Tier 1 social- emotional Support across the district.

Cons:

- Does not provide the student, other students, teachers, and support specialists the ability to target intervention as effectively as Option 1.
- Students are located at various sites. Reduces economy of scale.
- Multiple classrooms and sites require intense intervention and support from teachers, principals, and support staff (paras, behavior analysts, mental health clinician, social worker).

3. Technology Replacement/Refresh Plan: \$150,000

Rationale: Technology plays an important role in the pedagogical shifts called for in 21st century learning. Current and future elementary textbook adoptions, including ELA/ELD, History/Social Science and Science/NGSS, include digital resources as a component to the core program. Utilizing these digital resources requires our students to have access to devices that operate in an effective and efficient manner. To accomplish this, an adequate number of devices must be on hand at each site, and the devices must be fully operational. In addition, SBAC testing in grades 3-5 requires that our elementary devices support the most recent versions of the secure testing browsers.

Pros:

- Supports 21st Century learning environment.
- Provides access to enriching digital resources supplementing core program materials.
- Devices across the grade levels that work efficiently.
- SBAC testing is supported across grade levels.

Cons: Cost.