

**SYLVAN UNION SCHOOL DISTRICT
FISCAL YEAR 2019-20 BUDGET ASSUMPTIONS
DRAFT**

PURPOSE:

Multi-year projections (MYP) are the mathematical result of today's decisions based on a given set of assumptions. MYP's are expected to change as various factors are updated and revised. Projections will change any time the underlying factors and assumptions are modified, therefore, we must plan and prepare to make changes as conditions and situations change.

The assumptions described below are implemented in the latest MYP. The primary sources of these assumptions are the approved State Budget, California Department of Education, Department of Finance, School Services of California's Financial Projection Dart board, other external sources and organizations, and of course the District's historical trends.

OVERALL ASSUMPTIONS:

1. Enrollment projection for 2019-20 is projected to increase compared to 2017-18. The projected enrollment for 2019-20 is 8,255 compared to:

	<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	8,255	8,165	8,178
Increase / (Decrease)	(93)	(88)	(44)	197	(90)	13
ADA	7,865	7,761	7,718	7,914	7,828	7,840
Increase / (Decrease)	(93)	(105)	(43)	196	(86)	12

Reported 2017-18 P-2 ADA

3-Year Average Retention 96%

2. Staffing Guidelines:

- K – 3 = Average 24/1 (Target for each class will vary based on grade and school enrollment to ensure compliance with GSA (Grade Span) requirements.)
- 4 – 6 = (32.0) / 1
- 7 – 8 = (32.0) / 1

REVENUE ASSUMPTIONS:

3. The Local Control Funding Formula based on the latest FCMAT (Fiscal Crisis & Management Team) LCFF calculator (v19.2c) released January 2019 includes the following factors:

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	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
		LCFF COLA	3.70%		
COLA	1.56%	3.70%	3.46%	2.86%	2.92%
<i>Previous</i>		2.71%	2.57%	2.67%	3.42%
Gap Funding %	42.97%	100.00%	100.00%	100.00%	100.00%
<i>Previous</i>		44.97%			
UPP	55.71%	55.42%	55.62%	54.99%	55.11%
(Unduplicated Pupil Count)					

	<u>2019 - 20</u>		
	<u>TK - 3</u>	<u>4- 6</u>	<u>7 - 8</u>
Base	\$7,717	\$7,833	\$8,066
Class Size	\$803	\$0	\$0
Supplemental	\$948	\$871	\$897
<i>Previous</i>	\$901	\$828	\$853
Concentration	\$26	\$24	\$25
<i>Previous</i>	\$28	\$25	\$26

4. Below are dollars set aside in a locally defined account.
 - Instructional Material adoptions \$450,000
 - Pupil Transportation \$1,030,748
 - Technology Reserve and Replacement \$100,000
5. Lottery unrestricted revenue will be calculated at \$151.00 per unit of annual attendance and is projected to be \$1.26 million.
6. Lottery restricted revenue for instructional materials will be calculated at \$53.00 per unit of annual attendance and is projected to be \$473,107.
7. 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:

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

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- c. 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

- d. The Sylvan Educators Association and the California School Employees Association are currently in negotiations with the district for FY 2018-19. Once negotiations are settled for FY 2018-19, negotiations will be scheduled for FY 2019-20.
- e. Costs resulting from a paid leave of absence are budgeted under the corresponding program.
- f. For federally funded programs, the positions allocated are reflective of the funding available.
- g. Health insurance premium increases for the budget year are estimated as follows:

Sutter	5%
Kaiser	5%
Dental	0%
Vision	5%

9. Benefits

Employer statutory benefits for the budget year are estimated with the following rates.

	<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>
STRS	12.58%	14.43%	16.28%	17.10%	18.10%	18.10%	17.60%
PERS	13.888%	15.531%	18.062%	20.8%	23.5%	24.6%	25.0%
Previous STRS %	-	-	-	18.13%	19.10%	18.60%	18.60%
SS	6.2%	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%	1.45%
SUI	0.05%	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%	0.8%
Certificated	15.18%	16.73%	18.58%	19.40%	20.40%	20.40%	19.90%
Classified	22.688%	24.031%	26.6%	29.3%	32.0%	33.1%	33.5%

10. Supplies, Services, Capital Outlay, and Other Outgo

- a. 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

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- b. Approximately \$2.9 million has been set aside for textbook adoptions.
- c. 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 is necessary. The contribution for 2019-20 is projected to be \$14,332,211.

<i>Actual 2017-18</i>	<i>Projected Budget 2018-19</i>	<i>Projected Budget 2019-20</i>	<i>Projected Budget 2020-21</i>
\$12,275,438	\$13,811,746	\$14,332,211	\$14,497,515
<i>Increase</i>	\$1,536,308	\$520,465	\$165,304
			\$685,769

- d. The following increases over the prior year projected expense for utilities:

Natural Gas	1.5%
Electricity	4.0%
Water, Sewer & Storm Drain	3.0%
Telephone	1.0%
Trash Disposal	3.0%
- e. Liability insurance rates are projected to increase 5% over the 2018-19 rates, and will be adjusted as additional information is received by the District's Risk Manager.
- f. The Stanislaus County Office of Education (SCOE) master agreements to SUSD are yet to be developed for fiscal year 2019-20. For Fiscal year 2018-19, the agreements approved by the board were \$299,553. County services include Audiology Screening Services, Internet/Telecommunications Access, Media Streaming, Mail Delivery, Teacher Induction Program, and Information Systems for accounting, budget, and human resources. Outdoor Education for 6th grade students under a separate agreement is included in the amount of \$190,000 for a four day program.
- g. Pupil Transportation expenditures for 2019-20 are planned to be \$1,030,748 Under the Local Control Funding Formula the district must expend no less than the amount expended in 2012-13, \$200,268 of State funds.
- h. The Debt Service payment for the budget year to pay for the California Energy Commission (CEC) loan will be \$73,085.
- i. An annual allocation of \$100,000 to support technology replacements for middle schools.

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- a. Inter-program indirect costs will be calculated at the maximum allowable rate per program. The district's indirect cost rate is projected to be 4.68%
- b. Cafeteria Fund will be charged indirect costs using the district rate or cafeteria rate, whichever is less. Education Code Sections 38101© 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.
- c. Direct costs will be charged to the Childcare Fund for staff time to support the program, use of facilities, and transportation services.

12. Transfers to Other Funds

- a. 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 2019-20 the transfer is estimated at \$2,607,507.
- b. 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 Bus Replacements
 - \$ 25,000 To Fund 40 – Special Reserve for Equipment Replacement
 - \$100,000 To Fund 40 – Special Reserve for New Phone System
 - \$100,000 To Fund 14 – Deferred Maintenance
 - \$762,000

BALANCES:

- 13. Reserve for “Economic Uncertainty” of 3% will be maintained.
- 14. Insurance Deductible Set-aside for insurance claims in the amount of \$200,000.
- 15. Instructional Materials Set-aside for State mandates of new instructional materials in Mathematics, English Language Arts, Science and Social Studies. The District allocates revenue annually to support ongoing and new adoptions.

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.