

Cypress School District
2019/20 Fiscal Year Budget

Preliminary Budget Guidelines

PURPOSE

Budget guidelines provide the overarching set of instructions that District staff members will use in the creation of the fiscal year budget. Guidelines set consistent parameters and goals that drive the formation of the budget.

GENERAL

1. At a minimum, the primary consideration in developing the budget is the provision of an effective and contemporary educational program, which meets District and State standards and regulations at all grade levels.
2. Expenditures for the year, including appropriations for contingencies for the General Fund and each special fund, will not exceed the total revenues plus any carryover from prior years, or beginning balances available for that fund.
3. Budget assumptions shall be developed, reviewed, and updated on an ongoing basis.
4. A budget calendar shall be created and used as a planning guide for budget development.
5. The District Goals, Objectives, and Standards, along with Board established priorities and initiatives, will be a driving force in the development of the budget to the extent allowed within the available funding.
6. When the Board authorizes or approves a new goal, project, or program, it shall specify the allocation or reallocation of resources required to appropriately execute the new initiative.
7. 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 and the Board's priorities.
8. The budget shall include a General Fund Reserve for economic uncertainty of no less than 3 percent of the General Fund appropriations in classes 1000 through 7000.
9. Staffing shall be maintained so as to appropriately carry out Board Policies, support program offerings, accommodate student enrollment, and honor collective bargaining agreements.
10. The Cafeteria Fund shall be self-supporting and, where allowable, shall include allocations for direct, indirect, and support costs.
11. The District will utilize a Multiple-Year Projection tool in order to meet the requirements of AB 1200 as well as facilitate the compilation of the current and multi-year budget projections.

REVENUE

12. General Fund revenues will be budgeted in accordance with State-dictated methodologies.

13. Local Control Funding Formula (LCFF) – The LCFF, implemented in fiscal year 2013/14, made fundamental changes in the way Proposition 98 revenues are allocated to schools. At full implementation in fiscal year 2019/20, the LCFF will fund every student, depending on grade span, at the same base rate. The full implementation was not expected until the fiscal year 2020/21, however last year’s State Budget fully funded the LCFF in 2018/19 (three years ahead of schedule). The Governor’s January proposal for 2019/20 recommends no additional funding to the LCFF except for cost of living adjustments (COLA) and is projected to be as follows:

	K-3	4-6
Base Grant Entitlement per ADA	\$ 7,459	\$ 7,571
2019/20 COLA (3.46%)	\$ 258	\$ 262
CSR Augmentation Grant (10.4%)	\$ 803	n/a
Adjusted Base Grant per ADA	\$ 8,520	\$ 7,833

(LCFF Target Funding)

Two factors, known as Supplemental and Concentration Grants, will be applied to the LCFF base grant for eligible students. Supplemental and Concentration Grant increases are calculated based on the unduplicated percentage of total enrollment accounted for by English language learners, free and reduced-price meal (FRPM) program eligible students, and foster youth.

	K-3	4-6
Supplemental Grant (20%)	\$ 1,704	\$ 1,567
Concentration Grant (55%)*	\$ 4,260	\$ 3,917

*Cypress does not qualify for the concentration grant

Supplemental Grant funding is provided for each qualifying student. Concentration Grant funding is provided for program-eligible students exceeding 55 percent of the District’s enrollment. The District doesn’t currently have sufficient eligible students to qualify for Concentration Grant funding.

14. Class Size Reduction – The LCFF provides a 10.4% increase to the K-3 base grant target to reduce K-3 enrollment (including Transitional Kindergarten [TK]) to an annual average of no more than 24 students per class by the 2020/21 school year. Districts are expected to reach the maximum average enrollment of no more than 24 students:
- At each school site;
 - By the time the LCFF is fully implemented;
 - Unless an alternative is negotiated locally.
15. Restricted and categorical fund revenues will be budgeted based on either known or estimated amounts in accordance with the rules applicable to the particular funds.
16. COLA, equalization amounts, and appropriate deficit factor(s) will be based on forecasts contained in the Governor’s May Budget Revision and the School Services of California Dashboard for the budget year.
17. One-time sources of funding shall not be used to facilitate ongoing expenditures.
- The Governor’s proposed Budget includes no discretionary one-time Proposition 98 funding at this time.

EXPENDITURES

18. Funds shall be made available in the budget to support current and anticipated collective bargaining commitments.
19. Within the context of negotiations and available resources, the District will endeavor to provide employees with competitive salary and benefits packages that reflect a level sufficient to continue to attract and retain qualified people. Salaries, benefits, and related costs will be charged to the appropriate fund and budgeted in accordance with collective bargaining agreements, Board Policy, and previous Board actions.

20. The State Board of Education (SBE) has defined the requirements for all districts to increase or improve services for eligible students (English language learners, free/reduced lunch, and/or foster youth) in proportion to the increase in funds generated by these students.

Districts must include in their Local Control Accountability Plan (LCAP) a description of expenditures for services that support local goals for students generating supplemental and concentration grants. Goals, actions, and services that increase or improve support for eligible students are a local decision.

21. All categorical programs shall be self-supporting and where allowable, include allocations for indirect and support costs. Special education and transportation are not recognized as self-supporting at this time; however, a goal of self-support shall be maintained. Each of these programs shall be monitored to ensure minimal impact to the General Fund. General Fund unrestricted monies will not be used to support restricted categorical programs except as noted above.
22. Categorically-funded programs will absorb increased costs including, but not limited to, salaries and benefits to the extent possible given reductions in State funding. Authorized indirect cost rates will be charged to the appropriate categorically-funded program as authorized by the State and Federal governments.
23. Allowances 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.

OTHER

24. The annual Deferred Maintenance transfer from the General Fund, which in years prior to 2009/10, was one-half of one percent (0.5 percent) of the General Fund expenditures, excluding capital outlay and other outgoings, was flexed as part of the multi-year Tier III provisions of SBX3-4 from 2009/10 through 2012/13 and is now part of the LCFF Base Grant Entitlement. The transfer requirement no longer exists; however, districts are still responsible for ensuring that facilities are kept in good order and that necessary deferred maintenance repairs are carried out using base grant funds. The District had made no transfers to the Deferred Maintenance Fund from 2009/10 through 2013/14. In 2014/15, the District started restoration of the Deferred Maintenance Fund.

Beginning 2015/16, the Deferred Maintenance program is now permanently part of the LCFF base grant. Also, the LCAP requires school facilities to be maintained in good repair. The requirement obligates school district to spend three percent (3%) of the General Fund LCFF Base Grant Entitlement expenditures on deferred maintenance projects, excluding capital outlay and other outgoings. As required, the annual Deferred Maintenance transfer from the General Fund to the Routine Restricted Maintenance Account (RRMA) is made.

25. All carryover funds in Federal categorical programs are considered restricted balances and will be continued as deferred income.
26. As part of the adoption and review of the District's fiscal year budget and related financial activities, the District is required to prepare specific reporting documents. These documents, and their associated filing deadlines, are indicated below:

Adopted Budget	Prior to June 30
Revised Budget*	Within 45 days of the Governor signing the State Budget
First Interim Report	Within 45 days of October 31, or by December 15
Second Interim Report	Within 45 days of January 31, or by March 17
Third Interim Report**	Within 31 days of April 30, or by June 1
Independent Audit Report	Prior to December 15, after the close of the fiscal year

*Each district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by the Budget Act (E.C. 42127[i](4)).

**A third interim report becomes necessary with the filing of a qualified first or second interim report.