SYLVAN UNION SCHOOL DISTRICT
2014-15 BUDGET ASSUMPTIONS

PURPOSE:

The purpose of the budget assumptions is to provide the District with an infrastructure for preparing the budget. The predominant influence in 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 are used in generating the budget for fiscal year 2014-2015.

OVERALL ASSUMPTIONS:

1. Enrollment projection for 2014-15 estimates a status quo enrollment compared to 2013-14. The projected enrollment for 2014-15 is estimated at 8,189 compared to:
   - 2009/10 8,139
   - 2010/11 8,170
   - 2011/12 8,126
   - 2012/13 8,194
   - 2013/14 8,187

2. Staffing Guidelines:
   - K – 3 = Implementation of grade span adjustments
   - 4 – 6 = (32.0) / 1
   - 7 – 8 = (32.0) / 1

REVENUE ASSUMPTIONS:

3. Local Control Funding Formula (LCFF) estimates will be based on 2013-2014 average daily attendance (ADA) of 7,877and 54.5% of unduplicated count of targeted disadvantaged students. The total estimated revenue is $ 53,164,457 based on the following per ADA dollars.

	TK – 3	**4 – 6**	**7 - 8**
Base	$ 7,011	$ 7,116	$ 7,328
Class Size	$ 729		
Supplemental	$ 844	$ 776	$ 799

Below are dollars set aside in a locally defined account.

3.1 Instructional Material adoptions $450,000

3.2 Pupil Transportation $805,635

3.3 Supplemental/LCFF Targeted $3,014,182

4. Lottery unrestricted revenue will be calculated at $126.00 per unit of annual attendance and is projected to be $1,033,200.

5. Lottery restricted revenue for instructional materials will be calculated at $30.00 per unit of annual attendance and is projected to be $246,000.

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 IV, Step 6
Classified:	Step 2, Range per Classification
Administrative:	Step 3, Range per Classification

   - 7.4 Five full time equivalent teacher positions for TK-3 grades are included for the Local Control Funding Formula requirement to lower grade span averages.
   - 7.5 Negotiations are in progress with California School Employees Association for the 2013-14 agreement. Negotiations are in progress with the Sylvan Educators Association for the 2014-15 agreement.

8. Costs resulting from a paid leave of absence are budgeted under the corresponding program.

9. Benefits:
   8.1 The following reflects estimated employer rates for all statutory benefits for the budget year:

STRS -	9.50%
PERS -	11.771%
OASDI -	6.20%
Medicare -	1.45%
Workers Comp -	1.50%
Unemployment -	0.05%

10. For federally funded programs, the positions allocated are reflective of the funding available.

11. Health insurance premium increases for the 2014-15 fiscal year are estimated as follows:

Sutter	10 %
Kaiser	10%
Dental	5 %
Vision	5 %

12. Costs resulting from early retirement will be budgeted under the General Education portion of the General Fund. Payments for retirements in 2007-2008 and 2005-2006 are deferred over eight years. The payment for 2014-2015 is projected to be $200,418.

13. School sites receive an allocation for instructional and non-instructional materials based on a formula as follows:

- K-5 Traditional $47.76 / enrolled
- 6-7-8 $62.68 / enrolled

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 is necessary. Beginning with the Local Control Funding Formula in 2013-2014, the required transfer of revenue based on an average daily attendance calculation is no longer utilized which then increases the contribution. For 2014-15 the contribution is projected to be $9,256,157.

15. Liability insurance rates are projected to increase 10% over the 2013-14 rates as advised by the District's Risk Manager for a total cost of $244,000.

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

Natural Gas	4.0%
Electricity	4.0%
Water	2.0%
Sewer	2.0%
Storm Drain	2.0%
Telephone	0.0%
Trash Disposal	19.0%
Gas and Diesel	0.0%

17. The Stanislaus County Office of Education (SCOE) service agreement is projected to be $127,110. County services include Audiology Screening Services, Internet/Telecommunications Access, Media Streaming, Mail Delivery, and Information Systems for accounting, budget, and human resources.

18. Debt Service and Major Lease Payments:
    18.1 The District is in the final year of a lease purchase agreement for copy machines at Somerset Middle School and Ustach Middle School at a cost of $1,128 each.

19. Pupil Transportation expenditures for 2014-2015, based on prior year, are planned to be $813,300. Under the Local Control Funding Formula the district must expend no less than the amount expended in 2012-13 of State funds.

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 a set aside in a Routine Restricted Maintenance Account. A transfer based on as low as 1% has been allowed during the years with flexibility. For 2014-15 2% is transferred for an amount of $1,323,752.

21. Indirect / Direct Costs:

    21.1 Inter-program direct and indirect costs will be calculated at the maximum allowable rate per program.

    21.2 The Cafeteria Fund will be charged a 3.37% indirect cost for the 2014-15 fiscal year. Education Code Sections 38101(c) and 52616.4(a)(3) specify

that the indirect cost charge for Cafeteria Funds is the lesser of the school district rate (3.37%) or the statewide average rate.

21.3 A direct cost will be charged to the Childcare Fund based on staff's time used to support the childcare program, rent, insurance, utilities, maintenance, and warehouse services.

TRANSFERS:

22. Beginning with 2013-14 fiscal year an annual transfer is to be made to a special fund or trust account for other post-employment benefits. The 2014-2015 transfer amount of $136,400 has been budgeted.

23. Beginning with the 2014-2015 fiscal year an annual transfer in the amount of $225,000 is to be made to the Special Reserve Fund for Capital Projects to support equipment and bus replacements.

24. Beginning with the 2014-2015 Fiscal year an annual transfer in the amount of $100,000 is to be made to the Special Reserve Fund for Capital Improvements to support facility renewal projects.

BALANCES:

25. Insurance Deductible Set Aside - The District has set aside $200,000 as a deductible for insurance claims.

26. Reserve for "Economic Uncertainty" of 3% will be maintained.

Local Control and Accountability Plan 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 is not required to state details about specific actions or tasks; rather focuses on strategic goals, progression of outcomes, and services and related expenditures based on local needs.

The LCAP and the proposed budget are presented to the Board of Trustees at the same meeting for adoption. The documents are then forwarded together to the County Office of Education for review.

The district advertised and held a public hearing on June 3 to review the LCAP and the proposed 2014-15 Fiscal Year Budget. The following table provides a recap of the budget priorities and the corresponding LCAP/Goal that were identified by stakeholders and approved by the Board for inclusion in the 2014-15 Fiscal Year Budget.

Description	FTE (Full-time Equivalent)	Approximate Budget	LCAP Goal/ Action
ELD/Literacy Specialists	12.00	846,000	1.2T
Nurse	1.00	71,000	1.5
LVN	0.34	15,000	1.5
Technology Personnel	2.00	110,000	2.2
Middle School Counselors	3.00	213,000	1.5
Elementary School Counselor	1.00	71,000	1.5
Elementary Art Teacher	0.60	43,000	3.9
Library Media Assistant	2.60	124,800	1.3
Campus Supervisor Middle School	0.38	14,000	3.5
Noon Duty Supervisors Elementary (2 hrs per site)	2.00	30,000	3.5
School Site Office Support Staff	0.87	39,000	1.5
Custodian	0.50	26,000	1.5
Human Resource Support Staff	0.43	24,000	1.5
Instructional Technology		151,000	1.5
After School Club/Sport Stipends		79,000	3.8
School Site Allocations 10% Increase		47,000	1.1
Deferred Maintenance Transfer to Special Reserve		100,000	1.5
Bus Replacement Plan Transfer to Special Reserve		200,000	1.5
Equipment and Furniture Replacement		25,000	1.5
Parent Involvement		20,000	3.1, 3.4, 3.6, 3.10, 3.2T, 3.4T

Grade Span Adjustment Update (formerly Class Size Reduction)

The 2014-15 budget includes five additional teaching positions at various schools to comply with Grade Span Adjustment requirements of the Local Control Funding Formula. The LCFF requires districts to make specific progress towards an overall individual school average ratio of 24 students per teacher in grades TK-3rd Grade. The district must reach full compliance by the 2020-21 school year.

Currently, the highest TK-3 Grade Span Average district wide is at Freedom Elementary with an estimated average of 26.56/1 for the 2014-15 school year. Grade Span Adjustment targets will be closely monitored as additional kindergarten and other grade level students register at the beginning of the school year.

BUDGET UPDATE:

School Services of California provided a recent update recap of the 2014-15 State Budget approved by the Legislature on June 15, 2014. The important highlights include:

- The 2014-15 State Budget does not eliminate all deferrals. There are still nearly $1 billion in deferrals for K-14 education. The plan is to completely eliminate deferrals by the end of 2014-15 if state revenues are higher than anticipated in 2014-15.
- CalSTRS Rates have a smaller increase in year one than is currently budgeted at 9.5%. The proposed rates passed by the legislature is as follows:

Year	Employer	Pre-PERPA Employee	Post-PERPA Employee
2013-14	8.25%	8.00%	8.00%
2014-15	8.88%	8.15%	8.15%
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.21%
2017-18	14.43%	10.25%	9.21%
2018-19	16.28%	10.25%	9.21%
2019-20	18.13%	10.25%	9.21%
2020-21	19.10%	10.25%	9.21%

- Meeting the Constitutional deadline, the Legislature has passed the main State Budget bill and has sent it to the Governor. Trailer bills are in the procedural step of "engrossing and enrolling," which comes before the transmittal to the Governor. The 12-day clock for Governor Brown to sign or veto a bill doesn't start until the bill leaves engrossing and is presented to the Governor. Once the Governor finalizes the 2014-15 State Budget, the district will have 45 days to formally adjust the budget.