

## **BUDGET DEVELOPMENT ASSUMPTIONS FISCAL YEAR 2013-2014**

### **Introduction**

This document contains the budget assumptions which the District will use to develop its 2013-2014 school year adopted budget. The assumptions fall into five categories: General, Beginning Fund Balance, Revenues, Expenditures and Multi-Year Projections.

### **General**

1. The District will continue to address its Mission Statement as stated in the Strategic Plan.
2. This budget assumption document is based on the Governor's January 2013-14 State Budget Proposal and recommendations from professional school business organizations such as California Schools Services (SSC), School Innovation & Achievement (SIA), Association of California School Administration (ACSA), California Association of School Business Officials (CASBO) and San Mateo County Office of Education. When the May Revise is announced, the assumptions will be adjusted accordingly.
3. The 2013-14 budget will be adopted at the June 20, 2013 Board meeting.
4. The next official revision of the 2013-14 budget, after the budget adoption in June 20, 2013, is at the First Interim Report on December 15, 2013. The budget and assumptions will continue to be updated as new information is received.
5. The District will assume that the Governor's proposed Local Control Funding Formula is to be implemented in 2013-14 after a lengthy process of legislative debate. However, implementation and funding details are still uncertain. Therefore, the District will assume status quo budget revenue as 2012-13 with funded COLA of 1.65% for Revenue Limit and certain categorical grants for the adopted budget.
6. The District will assume no allocation from Proposition 30 in 2013-14 as deposited into the Education Protection Account (EPA).
7. The District will assume no allocation from Proposition 39-School Facilities funding in 2013-14.
8. Until 2012-13 actual expenditures are known, it is assumed there will be no ending balance in most of the restricted general fund programs as of June 30, 2013. Allowable carryovers will be included in subsequent budget revisions.
9. Tier III categorical revenues will continue to be designated for specific programs. The District will hold a public hearing for Tier III Categorical grants transfer on March 21, 2013. The District will continue to implement the State Class Size Reduction Program in 2013-14 as long as it continues to be fiscally feasible. The State budget provides flexibility to increase class size in K – 3 with reduced penalties. The State adopted budget continues to provide for flexibility in a variety

areas. The Administration evaluated the flexibility options and will continue to provide the Board of Trustees with recommendations regarding these flexibilities. Most of the flexibilities will expire June 30, 2015.

- 10. The District will expand the Transitional Kindergarten program for children with birth date between October 2 and December 1, adding four classrooms in 2013-14. There will be additional costs of \$125,000 to set up these classrooms.
- 11. The Federal Magnet Grant funding ended in 2010-11. General Fund dollars provided magnet schools with \$550,000 to sustain the on-going magnet themes in 2012-13. This funding will be continued in 2013-14.
- 12. The District will continue to provide \$500,000 to fund the Music Program.

**Beginning Fund Balance**

- 13. The 2012-13 Unrestricted General Fund ending balances are projected as below.

**Table I. 2012-13 Projected Unrestricted Ending Balance**

<b>Budget Summary - 2012-13 General Fund Unrestricted Fund Balance:</b>		
	<b>1st Interim</b>	<b>2nd Interim</b>
	<b>15-Dec-12</b>	<b>15-Mar-13</b>
Projected Unrestricted Ending Balance	\$42,033,428	\$43,352,382
Economic Uncertainties ( 10% )	9,549,669	9,449,115
Revolving Cash	35,000	35,000
Other Designations	3,000,000	3,184,700
<b>Projected Undesignated Ending Balance</b>	<b>\$29,448,759</b>	<b>\$30,683,567</b>

**Revenue Assumptions**

- 14. 2014 Property Tax assessment is estimated to increase by 1.87%; this will be updated when County Assessor projection is ready.
- 15. Enrollment Trends and Assumptions - Enrollment figures are used to project staffing, average daily attendance (ADA), and revenue limit dollars. The following figures have been updated and will be incorporated into our budget. We will maintain our ADA projection at 96.33% until we confirm our actual ADA for the current year changes.

### Enrollment Trend for Budgetary Purpose

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 Projected	2014-15 Projected	2015-16 Projected
Enrollment	10,079	10,346	10,607	10,895	11,380	11,456	11,587	11,763	11,961
Change from prior year	83	267	261	288	485	76	131	176	198
Percentage change	0.83%	2.65%	2.52%	2.72%	4.45%	0.67%	1.14%	1.52%	1.68%
Average Daily Attendance (ADA)	9,746	10,030	10,227	10,517	10,813	11,036	11,162	11,331	11,522

16. Revenue Limit

	2012-13	2013-14 Projected	2014-15 Projected	2015-16 Projected
Base Revenue Limit	\$6,415.93	\$6,521.79	\$6,665.27	\$6,825.38
Deficit Factor	-22.272%	-22.272%	-22.272%	-22.272%
<b>Funded Revenue Limit</b>	<b>\$4,986.97</b>	<b>\$5,069.26</b>	<b>\$5,180.78</b>	<b>\$5,305.23</b>
* Per Average Daily Attendance				

17. Lottery revenues are projected as follows by California Lottery Commission :

- a. Unrestricted at \$ 124.00 per ADA
- b. Proposition 20 at \$ 30.00 per ADA

18. Categorical revenues will be budgeted accordingly:

- a. State categorical programs assume a zero COLA.
- b. Fair Share Reduction of either 9.57% of Gross Revenue Limit amount or up to the amount of local taxes in excess of funded Revenue Limit.
- c. Federal categorical programs assume automatic cuts (sequestration) of 5.9%.

19. Special Education revenues will receive a 1.65% COLA.

20. The District will continue to budget for the Mandated Block Grant. The 2013-14 rate is \$47 per ADA.

21. Interest income is projected to be at 1.0%.

22. Local grants and donations (revenue & expenses) are not budgeted for the July 1 budget. When known, these revenues will be posted to the budget.

23. Board approved facility use fees will continue to be collected from the users of District facilities. The fees will be adjusted by the change in the Consumer Price Index (CPI).
24. Parcel Taxes authorized by the voters in 1991 and 2010 will continue to be adjusted by the change in the Consumer Price Index (CPI).

### **Expenditure Assumptions**

25. Salary projections include costs of step advancement for
  - a. SMETA (average 4% annually from Step 1 to Step 22)
  - b. CSEA (average 5% annually from Step 1 to Step 6)
  - c. SMEAA (10% onetime Step 1 to Step 2)
26. Savings for retired teachers will be based on actual notification of retirements.
27. Salary increases will not be included in the 2013-14 until Board approve collective bargaining agreements.
28. FTE for regular classroom teachers to support staffing ratios will be calculated based on the 2013-14 enrollment projections.
29. Class size and Staffing:
  - a. Grade K-3 = 24 to 1 staffing ratio
  - b. Grade 4-8 = 30 to 1 staffing ratio
30. San Mateo County Schools Insurance Group (SMCSIG) will approve the following rate changes in May 2013. The 2013-14 Tentative Budget will use the prior year revisions.
  - a. Dental Premium (Joint Power Agency): 5%
  - b. Vision Premium(Joint Power Agency): 5%
  - c. Property Liability Insurance (Joint Power Agency): 10%
  - d. Workers Compensation Insurance Premium: 15%
31. The Medical Insurance rate for 2014 will be released by CALPERS in July 2013. The District will use 7% for all medical benefits until we receive the actual rate in July 2013.
32. Utility costs will be projected based on three years average of actual annual spending and discussion and recommendations from utility companies (if any).
33. The January 1, 2011 Actuarial Analysis of Retiree Health Benefits Study shows the Annual Required Contribution (ARC) to be 4.37%. District will budget 4.37% for GASB 45 retirement contribution.
  - An updated actuarial analysis is being commissioned, and any change in the ARC rate will be reflected in subsequent budget revisions.
34. The Routine Restricted Maintenance Account contribution will be maintained at the 2012-13 level.

35. The District will continue to budget for:
  - a. Encroachments in Special Education and Transportation;
  - b. Transfers to Meals for Needy; and
  - c. Matches for Homework Tutorial Program and Class Size Reduction.
  
36. Measure A Parcel Tax revenue will be used to:
  - a. Protect local schools from damaging State budget cuts, provide stable local funding that cannot be taken away by the State
    - 2013-14 Revenue Limit Deficit proposed to be 22.272%
  - b. Preserve quality education by attracting and retaining qualified teachers and staff
    - Provide funding to attract and retain qualified teachers and staff with reference to School Services of California compensation study
  - c. Maintain school libraries
    - Provide funding for a 3-hour library para-educator at each elementary school, 0.5 F.T.E. librarian at each middle school and a 0.5 F.T.E. IMC Media Assistant
  - d. Provide middle school art programs
  - e. Provide music programs
    - Provide funding for middle schools classroom music and K-4 elementary music
  - f. Support programs which will enhance student achievement
    - Provide funding for P.E. program, student counseling programs, Magnet schools
    - Provide funding to retain school custodians that might be laid off due to lack of funding
  - g. Support small class sizes
    - Supplement funding to Grade K-3 to maintain class size at 24 to 1 (without Measure A funding, class-size could go to 30-32)
  
37. Allocation from Unrestricted General Fund to schools will be as follows.
  - a. Middle School: \$36.00/per enrolled student at October CBEDS (instructional material)
  - b. Elementary School: \$31.00/per enrolled student at October CBEDS (instructional material)
  - c. School office supply \$10.00/per enrolled student at October CBEDS (increased from \$5 for 2012-13)
  - d. Custodial supply \$8.00/per enrolled student at October CBEDS