

CAPISTRANO UNIFIED SCHOOL DISTRICT
San Juan Capistrano, California

Budget Assumptions
2010-11

PURPOSE:

The purpose of this budget assumption document is to provide the District with a framework for preparing the budget. The overarching influence to the following assumptions is the 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.

OVERALL ASSUMPTIONS:

1. Enrollment projections for 2010-11 assume that enrollment will be flat as compared to 2009-10. The projected enrollment for revenue limit funding during 2010-11 is 51,873.

Funding received from the State is based on the district's Average Daily Attendance (ADA). ADA is calculated by dividing the total number of days of *student attendance* by the number of *days of school taught* during the same period. Funding for 2010-11 will be based on an ADA of 50,205 (including CUSD students educated through County of Orange programs), which is the same as the projected ADA for 2009-10. Actual ADA will not be known until P-2 is completed in mid-April.

Currently, the base revenue limit is projected to be \$4,982.79 per unit of ADA. This amount includes deficit reductions and an additional \$201 cut as set forth in the Governor's January 2010-11 budget proposal. This calculation is detailed further in item 3.

2. Both site supply budgets and staffing allocations will be determined using the following formulas:

2.1 Site Supply Budget Formula ^{1,2}:

K-5	\$15.75 / student
6-8	\$18.75 / student
9-12	\$24.75 / student

¹ Site supply budgets are exclusive of copier allocation, which is centrally funded

² These amounts represent a 25% reduction that was instituted in relation to funding shortfalls from the State of California

2.2 Staffing Formula:

K - 3	=	30.5 : 1	
4 - 5	=	31.5 : 1	
6 - 8	=	32.5 : 1	(includes prep periods and electives)

9 – 12 = 34.5 : 1 (includes prep periods and electives)

Class sizes in grades K, and 4-12 will be staffed as per Article 8.3 of the current contract with CUEA. Staffing in grades 1-3 will differ with the current contract due to restrictions outlined in California Education Code sections 41376 and 41378. For grades 1-3, these restrictions limit the maximum size of individual classes at 32:1, and the district-wide average at 30:1.

REVENUE ASSUMPTIONS:

3. The 2010-11 revenue limit will be based upon the 2009-10 revenue limit with, a projected - 0.38% cost of living adjustment (COLA) decrease, as well as the accumulated deficit factor of 18.355%. The Governor has proposed an additional revenue cut of \$201 per ADA. The District’s 2010-11 deficated revenue limit per ADA, including this additional cut, is calculated to be \$4,982.79 per unit of ADA.

Based upon funded attendance projections of 50,205, the net revenue limit funding is estimated to be \$250.0 million after pass through payments and adjustments to state allocations have been accounted for.

3.1 The District’s Revenue Limit calculation is included below for reference

	Base Revenue Limit per ADA (A)	Proation Factor (B)	Funded Base Revenue Limit (C) = (A) X (B)
1. 2009-10 Base Revenue Limit	6,373.18	0.81645	5,203.38
2. 2010-11 COLA per ADA	-24.00	-	-
3. 2010-11 Base Revenue Limit	6,349.18	0.81645*	5,183.79
4. 2010-11 Administration Cost Reductions (ongoing)	-201.00	-	-201.00
5. Net 2010-11 Funding (C3 minus C4)			4,982.79
6. Net 2009-10 Funding (2009-10 Revenue Limits, Line 5, Column C))			4,950.55
7. Dollar Change (Line 5, Column C Minus Line 1, Column C)			32.24
8. Percent Change (Line 5, Column C Divided by Line 1, Column C)			0.62%

***0.81645 = 1 - .18355 (deficit factor)**

4. There is no equalization aid planned for 2010-11.
5. State categorical program funding is expected to receive - 0.38% COLA decrease for Tier I – III programs.
 - 5.1 The District will utilize the flexibility of the Tier III programs afforded through SBX3 4. Currently, the District plans to utilize flexibility amounts equivalent to the 2009-10 fiscal year.
6. State Special Education funding is expected to receive - 0.38% COLA decrease.

7. Lottery unrestricted revenue will be calculated at \$111 per unit of annual attendance.. Unrestricted revenue is projected to be approximately \$5.8 million.
8. Lottery restricted revenue for instructional materials will be calculated at \$13.25 per unit of annual attendance. Restricted revenue is projected to be approximately \$0.70 million.
9. The District is not budgeting any further allocation from the American Recovery & Reinvestment Act (ARRA) funds for 2010-11.
 - 9.1 All Orange County districts have been advised by the Orange County Department of Education not to budget any of the proposed second round of ARRA State Fiscal Stabilization Funds (SFSF). The District originally anticipated receiving approximately \$4.9 million in 2009/10. However, the timing, regulations, and final amount associated with any allocation of second round SFSF are unknown, and at this time the district is budgeting \$0 second round funds.
10. The State of California recently passed legislation that has the ability to make the State highly competitive for the new Federal Race to the Top (RTTT) program. Currently, there is no information available as to how, for what, when, and the amount of funds CUSD may be eligible for through this program.

EXPENDITURE ASSUMPTIONS:

11. Salaries

- 11.1 Step and column increases will be reflected for those certificated, classified and administrative employees who qualify for movement based upon their longevity with the District, and earned education credits.

11.1.1 Salary costs estimated for employee groups will increase by the following percentages due to employee movement across the salary schedule.

CUEA	1.5%
CSEA	2.0%
CUMA	1.5%
Teamsters	2.0%

- 11.2 Vacancies created due to retirements or those employees indicating the intent not to return will be budgeted as follows:

Certificated:	Column C, Step 11
Classified:	Step 3, Range per Classification
Administrative:	Step 3, Range per Classification

- 11.3 2009-10 salary agreements have not been reached with any of the represented groups.

11.3.1 In the absence of a negotiated settlement with the represented groups, no additional changes to compensation amounts have been included in the budget, other than those indicated in above.

12. Actual costs for special education are dependent on the type of services the District is required to provide to each individual student. For the purposes of budgeting expenditures, the District is projecting increases of between 2% and 5% in the costs of non-salary expenditures for operating the program during 2010-11.

13. Costs resulting from earlier golden handshake commitments will be budgeted within the General Fund. A cost of \$60,000 will be incurred during 2010-11, which will cover the final payment of the previous golden handshake commitments.

14. For categorically funded programs, the positions allocated will reflect the funding available.

15. Benefits:

15.1 The District has used 2009-10 rates in the initial preparation of the 2010-11 budget. Revised estimated employer rates for all statutory benefits for the 2010-11 budget year will be released in Spring 2010. These rates will be incorporated when available.

STRS -	8.25 %
PERS -	9.71 %
PERS Reduction -	3.31 %
OASDI -	6.20 %
Medicare -	1.45 %
Workers Comp -	0.90 %
Unemployment -	0.30 %

15.2 The Public Employees Retirement System (PERS) revenue limit reduction transfer is estimated at \$1,224,868, which matches the amount to be budgeted as income.

16. Health and welfare insurance premiums for the 2010-11 fiscal year will be budgeted to increase by 7%.

16.1 Health and welfare expenditures for 2010-11 are projected to be approximately \$42.5 million.

17. Liability insurance premiums for the 2010-11 fiscal year will be budgeted to increase by 3%.

17.1 Property & Liability insurance costs for 2010-11 are projected to be approximately \$2.2 million.

18. Utilities are expected to increase by 2% over the 2009-10 year based upon California CPI as forecasted for 2010-11:

19. Transfers & Capital Outlay:

19.1 The District will not contribute to the Deferred Maintenance Fund during the 2010-11 fiscal year.

19.2 A total of \$250,000 will be allocated for capital outlay needs such as furniture and equipment replacement.

22.2.1 Of this amount, \$200,000 will be reserved for technology infrastructure replacement.

19.3 The District will transfer approximately \$2.8 million from each of the following funds to the general fund to help offset revenue limit reductions.

Fund 40 (Special Reserve): \$ 650,000 “C” Building Rent

The following amounts will be transferred annually through 2012-13, based upon flexibility authorized in SBX3 4:

Fund 11 (Adult Education): \$ 900,000

Fund 14 (Deferred Maintenance): \$1,200,000

20. Indirect / Direct Costs:

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

20.2 The Cafeteria Fund will be charged a 3.1% indirect cost for the 2010-11 fiscal year. Ed. 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 (4.77%) or the statewide average rate. In addition to indirect charges, the District charges applicable direct costs including telephone, electricity, natural gas, waste disposal, and laundry services.

20.3 The Child Development Fund will be charged based on direct staff time used to support the childcare program, utility costs, rent, insurance, and maintenance and warehouse services.

21. Debt Service and Major Lease Payments:

21.1 The District is projected to incur approximately \$477,000 in debt service payments from the General Fund in 2010-11. These amounts consist primarily of final golden handshake payments and bus leases.

- 21.2 The District currently does not plan to enter into significant additional lease obligations during the 2010-11 fiscal year.
- 22. At a minimum, the Reserve for “Economic Uncertainty” will be maintained at the 2% mandated level.
- 23. New textbooks, consumables, and the costs of rebinding will be budgeted at \$2.0 million, and will be funded from the following:
 - 23.1 Restricted lottery funding of \$686,000, which may only be spent on instructional materials.
 - 23.2 Instructional Materials Funding Realignment Program (IMFRP) funding of \$1.3 million will be allocated to instructional materials. IMFRP is a Tier III categorical program, and is projected to receive a total 2010-11 appropriation of \$2.9 million. The remaining balance of approximately \$1.6 million will be contributed to the unrestricted general fund.
- 24. Summer School, which includes credit recovery and legally mandated activities, during Summer 2010, is currently budgeted at \$525,000.

ADDITIONAL ASSUMPTIONS:

- 25. Interest earnings on funds in custody will be budgeted at 1.20%.
- 26. Charter Schools
 - 26.1.1 The District currently has executed contracts with three charter school groups. The charter schools receive a combination of property tax revenue and State aid, including a categorical block grant. The District provides general financial review for the charters and their respective budgets.
 - 26.1.2 The District receives fees from the charter school groups for administrative oversight, which amount to approximately \$82K.
 - 26.1.3 One charter school also makes lease payments to the District, which are budgeted at \$134K per year.