

**Pacific Grove Unified School District
2009/10**

BUDGET ASSUMPTIONS

(LRP Indicates items implementing or related to District Long Range Plan Goals)

1. Educational Program

- 1.1 (LRP)The District shall continue to offer a full K-12 educational program, to the extent permitted by available financial resources, and subject to the reductions resulting from State budgetary impacts as yet unknown.
- 1.2 (LRP) The District shall attempt to enhance the educational program to the extent permitted by financial resources.
- 1.3 (LRP)The District shall continue to participate, when feasible, in the State Class Size Reduction Program for grades K, 1, 2, 3 and 9th grade English and 9th grade Social Studies –to the extent that these programs exist. Both programs involve District subsidy to continue. The level of subsidy will depend on the number of teachers employed and the cost per teacher. (An estimate of subsidies of these programs in 2009/10 will be developed when State funding and employee costs are refined.)
- 1.4 (LRP)The District will continue to fund 2 previously State funded High School AP sections.
- 1.5 (LRP)The District will continue to subsidize the ROP program for expenses beyond revenues for 22 sections. (A reduction of 2 sections from 2008/09). A cost estimate will be developed.
- 1.6 (LRP) The District will continue to subsidize the Title I program at 2008/09 staffing levels. A cost estimate will be developed.
- 1.7 (LRP)Any future changes to ongoing individual programs or services, either increases or decreases, shall be brought to the Board for approval.
- 1.8 The District will attempt to offer but not subsidize the operation of a State funded preschool program.

2. Enrollment Projection

- 2.1 The budget will assume the number of students by grade level as identified in projections as follows: K-5 723 (an increase of 14); 6-8 392 (an increase of 5); 9-12 547-including 21 at Community High School (decline of 49).
- 2.2 The ADA used for projecting revenues is estimated at 1662 K-12 – (including ROP and Special Education) and 870 Adult. (Number to be revised when final 2008/09 data is available.)

3. Staffing Projection

3.1 (LRP)Certificated Staff - Staffing for 2009/10 is projected at the level indicated by the Board based on the staffing projection previously reviewed - ie. a maintenance of current staffing with the exception of the following reductions:

- 0.5 FTE – Special Ed
- 0.4 FTE – ROP
- 0.5 FTE – Vocal Music
- 0.6 FTE – MS (TBD)
- 0.4 FTE – HS (TBD)
- 0.5 FTE – MS/HS Counselor

3.1.1 Certificated Administrative Personnel - maintained at 2008/09 levels.

Robert Down, Forest Grove Middle School	1 Principal per school 1 Principal 1 Assistant Principal
High School	1 Principal 1 Assistant Principal
Community High School	Lead Teacher
District Office	1 Superintendent 1 Curriculum/Special Projects Director 1 Student Services Director

3.2 (LRP)Classified Staff – maintained at 2008/09 levels with the exception of the following reductions:

- 0.75 FTE – HS Campus Supervisor
 - 1.0 FTE MS/HS Library Assistant
 - 0.5 FTE HS Career Tech.
 - 0.4 FTE MSPE Aide
 - 1 hour HS Clerical
 - 0.2 FTE Groundswoker
- Also the cost of 2.0 FTE Maintenance workers is charged to the Deferred Maintenance Fund instead of the General Fund

3.2.1 Classified Administrative Personnel – maintained at 2008/09.

- 1 Assistant Superintendent
- 1 Human Resources Director II
- 1 School Nutrition Director

4. Revenues:

- 4.1 Property tax will be received as projected in the current budget and will increase by 4.5% over 2008/09 levels (and the district will be able to retain any amount in excess of the State established Revenue limit). The estimate is based on historic data (Note: Current tax receipts through April 2009 are meeting projections and being monitored closely.)
- 4.2 State aid will no longer include “basic aid” at \$120 /ADA as a separate allocation. State will again require a “negative allocation” to occur as a result of changes that require a transfer to the County (for Special Ed. students attending County classes) even though no State allocation, in excess of Summer School funding, is received.
- 4.3 Federal revenues will not increase over 2008/09 levels. (If funding is provided through a “stimulus” package, this assumption will be modified. Current information is that we will not receive information prior to July 2009.)
- 4.4 Other State revenues – most categorical funding will decrease by 4.5% compared to the recently reduced 2008/09 levels. Only funding for E.I.A., TUPE, CSR K-3, Transportation and Special Ed will remain at 2008/09 levels. Lottery revenue will continue at \$110/ADA. (If additional State funding reductions occur they will be reflected in this assumption).
- 4.5 Interest income will continue at 2008/09 levels.
- 4.6 Other sources of local income including transportation and fees will continue at 2008/09 levels. ROP funding will be reduced by 4.5% below the recently reduced 2008/09 levels.
- 4.7 The District will receive an estimated net \$267,000 from the local parcel tax in 2009/10.

5. Expenditures:

- 5.1 Certificated Salaries – Projection reflects reduction of staff as noted in 3 (above). Remaining salaries will include increases to reflect contractual step and column costs, 0.7% salary schedule increase and increased “in lieu” payment of \$9,653 (including one time retroactive payment for 2008/09) only. Negotiations may result in an alternative compensation adjustment. An agreement with management staff to reduce salary by 2% in 2009/10 (with payment deferred to 2010/11) for the purpose of employment retention is recorded. The savings (estimated at \$35,000) are being used to balance the budget and help avoid additional staff reductions.
- 5.2 Classified Salaries – Projection reflects reduction of staff as noted in 3 (above). Remaining salaries will include increases to reflect contractual step movement costs only. Negotiations may result in an alternative compensation adjustment. An agreement with management staff to reduce salary by 2% in 2009/10 and with classified and confidential staff by 1%

(with payment deferred to 2010/11) for the purpose of employment retention is recorded. The savings (estimated at \$42,000) are being used to balance the budget and help avoid additional staff reductions.

- 5.3 Employee Benefits - fixed benefits (STRS, PERS, OASDI, W/C, Unemployment) will be adjusted in proportion to salary increases and personnel reductions. The District health benefit contribution amounts for certificated, classified, confidential and management will be maintained at 2008/09 levels in accordance with current contract provisions. The PERS contribution is budgeted at 16.709% pending further information. The Workers Compensation rate is maintained at 2008/09 levels pending updated information. The STRS employer contribution is budgeted at 8.25% pending further information.

The cost of retiree insurance (\$536,677) is now included in the General Fund rather than transferred to Fund 71 – per County direction.

5.4 (LRP) Books and Supplies

- 5.4.1 Instructional allocations for school sites are to be funded at the 2008/09 levels with no CPI increase. One time 2008/09 allocations and midyear reductions are removed other than the reductions made to categorical funded programs that are reduced further in line with the reduced site program funding.

- 5.4.2 Department and program allocations are funded at the 2008/09 levels with a no CPI increase. One time 2008/09 allocations and midyear reductions are removed other than the reductions made to categorical funded programs that are reduced further in line with the reduced site program funding.

The following funding reductions initiated in 2008/09 to assist in balancing the budget are continued:

- Reduce Maintenance Department budget with understanding that expenses in excess of remaining budget will be charged to
Capital Improvement Fund (40) \$50,000
- Reduce Business Office supply budget. \$ 6,000
- Reduce Business Office rent/lease/repair budget. \$ 4,000

- 5.5 (LRP) Services and other operating expenses (including travel, conference, dues, membership, insurance, utilities, rentals, repairs, consultants, legal, etc.) funded at the 2008/09 levels with a no CPI increase with the exception of insurance and utility costs which are budgeted at projected expense levels. The \$13,000 allocation for Community Human Services Counseling is deleted. An allocation of \$35,000 is added to fund a Board election in November 2009. One time 2008/09 allocations and midyear reductions are removed other than the reductions made to categorical funded programs that are reduced further in line with the reduced program funding.

5.6.1 (LRP)Capital Outlay expenses – maintain 2008/09 budget – ie. no projected expenditures in excess of \$5,000

5.7 Other Outgo - includes the following:

- a) The County Special Education services cost are currently estimated at \$980,529 but will be revised based on information being developed.
- b) Transfers to State Special School are currently estimated at \$22,000 (5% over current 2008/09 estimates) but will be revised based on information being developed.

6. **Indirect contributions** from other funded programs will be included to reflect projected levels for the following programs:

State Preschool	\$ 3,516
Child Development (BASRP)	\$ 18,156
Adult Education	\$263,048

7.(LRP)**Transfers Out of the General Fund** to other funds including the following items:

Retiree Benefit Fund (Fund 20) \$ 19,426 – Medigap prefunding

The prior transfer of the District’s contribution toward retiree medical insurance premiums is discontinued and the expenditure is now processed through the General Fund – per County direction.

Deferred Maintenance Fund	0
Transportation Equipment Reserve	0
Building Improvement Fund	0
Cafeteria Fund	\$ 100,000 - A reduction of \$29,000 from 2008/09
Adult School (Lottery)	\$ 25,500
Adult School/CBET	\$ 2,078

8. **Contributions to restricted programs** – the District will expend as estimated \$3.3 million from the General Fund for offsetting the total cost of the Special Education program (\$4.2 million) in excess of State and Federal Special Education (\$0.95 million).

9. **Revenues vs Expenditures** – The budget identifies that the projected difference between expenditures and revenues is \$194, 801. The net result is reflected as an increase in the projected ending balance.

10. **Ending Fund Balance** – The projected June 30, 2010 ending balance is projected to be \$850,710 based on the revenue and expenditure assumptions. A portion of the available balance is included

in a “property tax reserve”. Ideally the amount in this reserve would be equivalent to a .5% increase (\$97,101) in case a projection revision is needed when assessed value information is available in August.

11. Carry-Overs

The District normally permits only school sites and categorically funded programs to carry over unexpended balances from the prior year. (Sites and programs are encouraged to expend funds within the year they are allocated, however, small balances often remain due to timing or planned expenditures.) Other District accounts do not retain unexpended balances unless authorized by Board action.

The budget is prepared prior to the close of the 2008/09 year therefore balances within accounts, available for carry-over, are not determined at this time. Subsequent budget revisions by the Board will identify and allocate carry-over amounts – usually in October.

12. (LRP)Capital Improvements

The allocation for the general maintenance program (approximately \$326,000) and the David Avenue lease revenue (projected to be approximately \$150,000) provide the funds for routine maintenance or improvement of existing facilities. The Measure D bond funds are contained in Fund 21 and are being used to implement the Board approved projects.

13. Lottery Funds

The District receives approximately \$278,000 from the State Lottery program. The funding is used to support the General Fund and is the equivalent of funding the District Library and Music programs. A portion of the allocation (approximately \$29,000) is specifically allocated for purchasing instructional materials in the Curriculum Program.

- 14. Budget Projection** – A projection is attached based on current local and State budgetary information and assumptions including a 4.0% increase in property tax annually over the next 4 years. The assumption includes Step and Column and compensation increases based on the projected CPI. (This adjustment is subject to negotiations.)

15. Routine Restricted Maintenance

The District is required to identify an amount equal to 1% of the General Fund’s expenditures (approximately \$219,809) for “Routine Restricted Maintenance” to meet the requirements for receiving State School Facilities funding.

16. Parcel Tax

The District will receive an estimated \$267,000 in fiscal year 2009/10 – The following table identifies the actual use of funds. The proposed use in 2010/11 and remaining years will be established in each year’s budget process.

17. Components of Ending Balance

Revolving Cash	\$ 5,000	
3% Required Reserve	\$679,152	
Property Tax Reserve (0.5%)	\$ 96,558	
Sick Leave Incentive Reserve	\$ 70,000	– Reflect recalculated contractual commitment.
Position Retention Reserve	\$ 0	–Established to record agreed to savings from salary deferred with Management staff (2%), classified staff (1%) and confidential staff (1%). The savings are being used to avoid additional staff reductions. Original value was \$77,000.