

2004/05

**PGUSD 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 in the State Class Size Reduction Program for grades K, 1, 2, 3 and 9<sup>th</sup> grade English and 9<sup>th</sup> grade Social Studies. Both programs involve District subsidy to continue. The level of subsidy will depend on the number of teachers employed and the cost per teacher.
- 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 as has occurred for the past 2 years at a cost of approximately \$15,000.
- 1.6 (LRP)Any future changes to ongoing individual programs or services, either increases or decreases, shall be brought to the Board for approval.

**2. Enrollment Projection**

- 2.1 The budget will assume the number of students by grade level as identified in projections as follows: K-5 714 (reduction of 39); 6-8 473 (reduction of 3); 9-12 - 637-including 14 at Community High School (decrease of 42).
- 2.2 The ADA used for projecting revenues is estimated at (2001 K-12 - including ROP and Special Education) and (790 Adult).

**3. Staffing Projection**

- 3.1 (LRP)Certificated Staff - Staffing for 2004/05 will be projected at the level indicated by the staffing projection previously reviewed - a reduction of 1.2 High School teachers. The previously contracted Curriculum Coordinator function is changed to a “teacher on assignment” position(with no cost impact). A High School WASC coordination assignment (of 75 hours) is also included.  
Positions included in the mid-year restoration are continued. The 0.6 psychologist intern may be a part time psychologist within the same budget allocation. An additional elementary teacher is added with Parcel Tax revenues to address 4/5 class size issues. MS/HS curriculum coordinators are restored, HS Athletic stipends are restored.
- 3.2 Administrative Personnel - maintained at 2003/04 levels.

Robert Down, Forest Grove	1 principal per school
Middle School	1 principal
	1 assistant principal
High School	1 principal

1 assistant principal

Community High School  
District Office

Lead Teacher  
1 superintendent  
1 assistant superintendent

3.2 (LRP) Classified Staff – maintained at 2003/04 levels including mid-year restorations. (LRP) Funding for one Maintenance and one grounds positions returned to the General Fund from the Capital Improvement Fund.

Funding for a 5 hour HS computer lab aide, the restoration of the elementary library managers, MS computer lab aide and the partial restoration of the Maintenance/Operations summer assistance is included.

#### 4. **Revenues:**

4.1 Property tax will increase by 5.17% over 2003/04 levels (and the district will be able to retain any amount in excess of the State established Revenue limit).

4.2 State aid will no longer include “basic aid” at \$120 /ADA as a separate allocation. State will also 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 2003/04 levels.

4.4 Other State revenues will not increase over 2003/04 levels. Lottery revenue will continue at \$110/ADA.

4.5 Interest income will continue at 2003/04 levels.

4.6 Other sources of local income including transportation and fees will continue at 2003/04 levels. ROP and SELPA funding will increase by an estimated 1.8%.

4.7 The District will receive an estimated \$305,900 from the local parcel tax in 2004/05.

#### 5. **Expenditures:**

5.1 Certificated Salaries – will include increases to reflect contractual step and column costs only at this time. Negotiations may result in a further cost of living adjustment. Also includes adjustments positions identified in 3 above.

The Board has implemented a Retirement Incentive Program, the projected costs and net savings are incorporated in the budget at an estimated \$110,000.

5.2 Classified Salaries – will include increases to reflect contractual step movement costs only. Also includes adjustments for the funding restoration of the positions identified in 3.2 above.

5.3 Employee Benefits - fixed benefits (STRS, PERS, OASDI, W/C, Unemployment) will be increased in proportion to salary increases. The District health benefit contribution amounts for certificated, classified, confidential and management will be maintained at 2003/04 levels in accordance with current contract provisions. The PERS contribution is budgeted at 16.952% (a decrease from 17.42% in 2003/04) pending further information. The Workers Compensation rate is increased by 25%.

5.4 (LRP) Books and Supplies

- 5.4.1 Instructional allocations for school sites are to be funded at the reduced 2003/04 level with a 2% increase plus a \$17,000 restoration - using Parcel Tax Funds – to offset the reductions and distributed based on previous practice.
- 5.4.2 Department and program allocations are funded at the reduced 2003/04 levels with a 2% increase. A supplemental allocation of \$10,000 for Special Ed department testing materials is included. A Parcel Tax allocation of \$32,500 is added for Technology Fund restoration and \$19,000 for Music Program restoration and enhancement.

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5.5 (LRP) Services and other operating expenses (including travel, conference, dues, membership, insurance, utilities, rentals, repairs, consultants, legal, etc.) funded at the reduced 2003/04 levels with a 2% increase with the exception of insurance and utility costs which are budgeted at projected expense levels. An allocation for Board conference training is restored (\$13,500)

5.6 (LRP) Capital Outlay expenses

- 5.6.1 Site allocations for schools are funded at reduced 2003/04 levels with a 2% increase.
- 5.6.2 Department and program allocations are funded at reduced 2003/04 levels with a 2% increase.

5.7 Other Outgo - includes the following:

- a) The County Special Education services cost is estimated at \$577,794 (20% increase-due to revised SELPA agreement and increased utilization) but will be revised based on information being developed.
- b) For debt service payments for Robert Down/Forest Grove Reconfiguration Project Modular lease purchase \$109,354.68. Full lease payment is \$138,282.68. (of this amount \$28,928 is charged to BASRP for unit) – last lease payment is in 2006/07.
- c) Transfers to MCOE Charter School \$31,000 – retained at 2003/04 level.

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

State Preschool(if this program is continued)	\$ 3,166
Child Development (BASRP)	18,329
Adult Education*	<u>265,856</u>
Total	\$287,351

\* Includes credit for 0.4 FTE of Technology Coordinator (LRP)

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

Retiree Benefit Fund	\$289,162
Deferred Maintenance Fund*	100,000
Transportation Equipment Reserve*	1,500
Building Improvement Fund*	<u>50,000</u>
Total:	\$440,662

\*These transfers are restored from the reduced 2003/04 levels.

8. **Contributions to restricted programs** - the District will expend an estimated \$1.3 million from the general fund for offsetting the total cost of the Special Education program (\$2.5 mill.) in excess of State and Federal special education (\$1.2 mill)(Numbers will be revised as State budget is finalized).

9. **Revenues vs. Expenditures** - The budget identifies the projected difference between expenditures and revenues. The net result is reflected as a change in the ending balance.

10. **Ending fund balance** - The projected June 30, 2005 ending balance under projection C-2 (Scenario 2) will consist of various components such as follows:

Revolving Cash	\$5,000
Economic Uncertainty Reserve (3%)	\$516,493
Property Tax Reserve	\$69,247
Parcel Tax (pending Board allocation)	\$7,428
Charter School Transfer (assuming 71 ADA – inc. prior year)*	\$233,590
State Funding Reduction Categorical Reserve**	\$33,000
Sick Leave Incentive Reserve	\$72,190
Basic Aid Reserve (to offset possible legislative changes)	\$291,320
Compensation Reserve	\$325,000
Unallocated Balance (must be positive or zero at adoption)	\$0

\*Assumes payment of 0 of Revenue limit in 2003/04 and 70% in 2004/05. Would increase by \$100,000 if 100% charged in 2004/05.

\*\* This reserve would offset a reduction in categorical funding consistent with the Governor's May Budget proposal - a reduction of 75% from the 2003/04 level. The amount assumes that Title I funds (\$23,000) will be used to partially offset a reduction in SIP funding.

#### 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 assumes that the ending balance will grow by \$100,000 due to unexpended funds not being carried over. The specific location of these funds is to be determined.

The budget is prepared prior to the close of the 2003/04 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 September.

## **12. (LRP)Capital Improvements**

The budget restores the previous allocation of \$50,000 for capital (facility) improvements and restores the deferred maintenance program (\$100,000)-subject to possible State matching funds. The allocation for the building maintenance program (approximately \$112,000) and the David Avenue lease revenue (approximately \$300,000) provide the only other source of general funds for maintaining or improving existing facilities. The use of the David Avenue Lease funds (approximately \$110,000) in 2003/04 to fund a maintenance position and a grounds position has been discontinued in 2004/05. Bond proceeds from Measure A, located in Fund 21 (previously 16), are allowing improvement of the designated schools in accordance with Bond and State limitations.

## **13. Lottery Funds**

The District receives approximately \$374,000 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 \$24,000) is specifically allocated for purchasing instructional materials within these and site programs. (An adjusting journal entry will be made at year end to implement this allocation.)

## **14. Budget Projection**

In the Projection– (assuming an employee compensation adjustment for salary or benefits equivalent to the projected Calif. CPI in addition to the other assumptions) the budget is in balance. The Board has the \$7,428 from the Parcel Tax to allocate. There is \$33,000 available to offset possible State funding reductions to categorical programs (as occurred in 2003/04) and \$291,320 as a Basic Aid reserve.

The projection assumes that the District's ability to retain property tax in excess of the revenue limit is also maintained.

The projection shows that, although the District is in a relatively financially secure condition (if these or similar assumptions are applied), considerable caution will be needed to maintain this situation as staffing, program and compensation decisions are made.

## **15. Routine Restricted Maintenance**

The District is required to identify an amount equal to 3% of the General Fund's expenditures (approximately \$501,250) for "Routine Restricted Maintenance" to meet the requirements for receiving State School Facilities funding – (Forest Grove received \$1,007,413 and the High School received \$2,451,611 for modernization in 2002/03). The required maintenance expenditures are identified in Resource 8150 in the General Fund and Fund 40, Capital Reserve. These expenditures exceed \$501,250.

**16. Parcel Tax**

The District will receive an estimated \$306,000 in fiscal year 2004/05. During the course of budget development, the Board defined specific expenditures to assign to this revenue that are consistent with the authorizing ballot language. At the February 19, 2004 meeting the Board directed that 2MS sections and 5 HS sections, that otherwise would be reduced, will be retained with the use of approximately \$105,000 of the parcel tax. At the May 6 meeting the Board directed that an additional \$65,000 be used to hire an additional elementary teacher to address the 4/5 class size issue. On May 20<sup>th</sup> the Board directed that approximately \$22,000 be used to hire a HS 5 hour computer lab aide, approximately \$14,000 to restore the elementary library manager positions, \$32,500 to partially restore the site technology allocation, \$10,000 to restore HS Athletic stipends and \$10,000 to partially restore the Maintenance/Operations summer assistance allocation. On June 3<sup>rd</sup> the Board directed that \$4,000 be allocated to restore the MS computer lab aide position, \$19,000 to fund restoration and enhancement of the music program and \$17,000 to restore site instructional supply allocations.

**17. Long Range Plan Goal Implementation**

The above assumptions include various items designed to continue the implementation of the District’s L.R.P Goals as follows:

Goal	Assumptions
1. Develop and implement a K-12 comprehensive program with respect to course offerings, class size, support program and facilities	1.1; 1.2; 1.3; 1.4; 1.5; 1.6; 3.1; 3.2; 5.4
2. Establish a school environment which is safe, clean and secure	3.2; 5.4; 7
3. Technology will be integrated ...	1.5; 3.1; 3.2; 5.4; 5.6; 6
4. Basic education will include critical thinking ...	3.1; 5.4; 5.5
5. Establish a professional development plan	3.1; 5.4; 5.5
6. Revise the District budget process to include Long Range Plan Goals	1.6; 17

The Board will have the opportunity to allocate other District funds, including the parcel tax funds, to further implement the Long Range Plan.

Ref: 2004-05Bud-asm