



The East Side Budget Communicator

Volume 2
Winter 2013

New District Budget Advisory Committee:

Open to the Public
– Inaugural Meeting
Feb. 27, 2013 at
4:00 pm. at the EC

What's inside

Pg. 2

2nd Interim Update
Continued

Digital Signature
for Teachers

Laptop Initiative
Pg. 3
Employee
Reimbursements -
What You Need to
Know!

Fiscal Kudos
Pg. 4

Demographic Study
and Enrollment
Update

New Lunch Options
Pg. 5

Benefits Audit
PARS Refunds
Budget Q & A

Budget and Finance News

Governor's Budget Proposal for 2013-14

On January 10, 2013 the Governor released his proposed 2013-14 budget. The current economic forecast indicates that California faces a smaller budget problem in 2013-14 compared to prior years. For the first time in 5 years, Districts can expect to see an increase in per-student funding, however, the Governor cautioned that any increase will be incremental and will occur over a 5 to 7 year period. Along with slightly higher funding, the Governor proposes a different method of funding K-12 education. The goal is to focus more resources on California's most needy students. It is undetermined whether or not ESUHSD will be a winner or loser under the new funding formula.

Old Formula: Revenue Limit

Revenue Limit funding is based mainly upon student attendance. It is the dollar amount for each student that is in attendance on average during the course of the school or fiscal year.

New Formula: Local Control Funding Formula (LCFF)

With the new formula there will be:

- Base grant for each school district
- Differential adjustments for high school grade spans
- Added Funding for 9-12 Career Technical Education
- Added funding based on demographics of the schools, including:
 - English Learner population
 - Pupils eligible for free and reduced-price meals and
 - Foster youths

Status of the District's Finances as of January 31, 2013 Second Interim Report

As of this writing, the district's Second Interim report is still under development for fiscal activity through the period ending January 31, 2013. The Governor recently announced his proposed budget and those assumptions will be taken into account in developing the Second Interim Report. Some of the major impacts to ESUHSD as a result of the Governor's budget in addition to the new LCFF is the statutory Cost of Living Adjustment (COLA). The district had included a funded COLA of 2% and 2.3% for fiscal years 2013/14 and 2014-15, respectively. The projected COLAs were based on a dartboard provided by School Services of California which all districts use for budgetary planning purposes. The Dartboard was recently updated to reflect the Governor's proposed budget which shows a funded COLA of 1.65% and 2.2% for the same period and represents a loss of funding to totaling almost \$1 mil. for ESUHSD.

Second Interim – cont.

In addition, to the Governor's actions, there have been changes in the district's finances since first interim. The district recently underwent a Federal Categorical Program Management Audit and the district was found to be "Not In Compliance" with how economic impact aid funding was supposed to be expended. As a result, the district will be required to transfer current expenditures from categorical to general funds which will increase the district's general fund cost by almost \$4 million over the next 3 years. Another item which will impact the district at Second Interim involves Special Education. The California Department of Education ruled that the district's Special Education Program has a disproportionate subgroup of identified students in the district which must be corrected. CDE requires the district to set-aside 15% of our Special Education program costs each year toward this effort. This will increase current Special Education cost by almost \$2 million over a 3 year period. The final area of major expenditures update is in enrollment. The district's enrollment has been updated to reflect our recently completed demographic study. The study shows enrollment will decline by 785 students over the next 3 years and will cost the district almost \$4.9 million in lost revenue. The cumulative impact for these reductions is almost \$12 million. The district is planning to augment the loss revenue with one-time dollars and reserves until the State budget picture becomes clearer.

New Digital Signature for Teachers

On January 28, 2013, the district implemented a new Online Digital Signature protocol for teachers and attendance staff. Nadia Davis, Manager of Attendance Accounting spearheaded this effort to allow teachers and attendance staff with more time to focus on other critical duties. "Digital Signature" refers to an electronic process of Approval for Online Attendance using Infinite Campus software. Teachers no longer need to manually review, sign, date, and return the weekly paper Attendance Register reports to the Attendance Office. This new process will reduce teachers and attendance staff time for attendance reporting by almost 50% and increase time for attendance verification and truancy issues. In addition, it will save sites money on paper and ink and will save the district an estimated \$19,000 per year; and more importantly help us go green!



Laptop Initiative Update – Excitement is Brewing!

Last fall, our school board approved funding providing the opportunity for each teacher to have a new laptop to encourage use of communications tools like School Loop, Infinite Campus, email and shared documents via Google.

The idea behind the initiative was to provide teachers with a much needed upgrade and update of current tools. A laptop would also provide the ability for teachers to communicate nearly anywhere freeing them from having to sit at their desktop in their classroom in order to share with students.

The teachers will be provided an array of choices of laptops to choose from and should receive them in April 2013. The RFP has been issued and the final proposals should reach our offices in early February. We are pursuing board approval in March 2013, shortly thereafter, the district will place its orders.

In early March, teachers will be asked to select their machine via a web form. That URL will be made available to certificated staff. Once they have made their choice, the order will be placed and fulfilled. The machines will be delivered to the school sites and the teachers will receive them. Instructions for backing up data from current machines will be available in early March and specific site handout dates will also be available at that time.



Employee Reimbursements – What You Need to Know!

Accounts Payable is doing their best to process **employee reimbursements** as soon as possible so you may receive your funds promptly, but incomplete forms delay the process.

Please remember the following:

- Please print clearly on the correct form.
- Include your address, not the school site.
- Correct Account Number
- Should be signed by the employee requesting the reimbursement and authorized administrator.
- Reimbursements over \$100 require a signed pre-approval memo from the Principal or designee.
- Attach original invoices/receipts. For online purchases make sure to include proof of payment.
- Requests should be submitted for payment no later than 1 month of the original back up receipt.

Reimbursement requests older than one month or beyond the fiscal year may not be approved for payment.

Kudos - Fiscal Excellence Achieved



It has been almost 2 years since the district was under a fiscal cloud of accusations and wrongdoing associated with a Grand Jury investigation and subsequent Santa Clara County Office of Education initiated special state audit. At that time, the district was required to make aggressive changes and updates to business policies and practices associated with the districts purchasing, bidding, and contracting practices. In September 2011, the Santa Clara County Office of Education performed a final review and determined that the district was finally in compliance. Since that time, the district has implemented a number of checks and balances to ensure that the district maintains excellent fiscal and contracting standards.

In order to substantiate those standards, all school districts and public agencies are required to undergo an annual audit. For school districts external auditors examine attendance, financial processes and procedures, and transactions to test internal controls and to determine whether or not the organization is following generally accepted accounting principles and California education code. The district is also required to have the auditor examine our bond program and perform audits at a select group of school sites. For FY 2011/12, the schools audited were ***Independence, Yerba Buena and Foothill.***

For the Fiscal Year Ending June 30, 2012, we are very happy to report that for the first time in the district's history the district has achieved fiscal excellence. The district received **"No Audit Findings."** This is truly an exceptional accomplishment and is a great testament to the hard-work, dedication, and professionalism which exist in the district. We would like to give a special hooray to the finance clerks and attendance staff at the audited school sites as well as all staff in Business Services.

Thank you for your hard work and job well done!

For 2012/13 audits will be performed at: Andrew Hill, Oak Grove and Apollo.



Recent Demographic Study Shows Enrollment is Trending Down Faster than Projected

In June 2012, the Board approved a Demographic Analysis and Enrollment Projection Study to be prepared by the firm of Jack Schreder and Associates for the District. The study was recently completed and will be presented to the Board at its February 14, 2013 Governing Board Meeting. Highlights of the study indicate that ESUHSD is in a period of declining enrollment. Districtwide CBEDS enrollment declined from 25,760 students in October 2009 to 23,686 in October 2012 which represents an overall loss of 8%. While the districts traditional and alternative school enrollments have declined sharply, District charter school enrollments experienced gains of 555 students and County charters increased by 262 students during the same period.

The study's findings indicate that the district's current demography projections are overstated by almost 785 students. The previous study which was prepared almost 2 years ago did not foresee some of the major demographic shifts which have transpired in the district, i.e. recession outward migration, slow residential development, and the emergence of charter schools. The previous demographic study did not factor in the loss to charter schools. The previous study also over-projected feeder school enrollment growth which was also heavily impacted by the same factors impacting ESUHSD. A downward projection of ESUHSD projected enrollments by 785 students will result in an estimated loss of \$4.9 million in our current multiyear projection and will offset any increase in funding expected from the State.

Exciting New Menu Options – Vegetarians and Vegans Finally have Delicious Meal Alternatives

The Child Nutrition Services Department has new regulations that assist with healthy eating options. Beginning July 1, 2012 the Healthy Hunger-Free Kids Act was enacted. This new legislation increases the number of fruit and vegetable offerings, whole grain bread choices and component based menu options.

As a result, staff has been busy working on new recipes and menu choices for the students and staff of ESUHSD. There has been an increase in requests for vegetarian and vegan choices. For the first time in the history of the National School Lunch Program it is legal to offer tofu on the school lunch menu. Two **new tofu recipes** have been added to the "**winter menu**". This menu will be introduced after Winter Break. The recipes were tested with the school site cooks in January and again with students at the Student Board Relations meeting in February. Both groups thought the new menu choices were very good. Tofu is an excellent plant based protein that is low in fat, saturated fat and cholesterol and will be a great addition to the district's menu choices.



Ineligible Dependents Add to Health Care Costs

As we approach our next Health Open Enrollment, it's a good time to think about how we can lower health care costs and district spending. Many school districts and public agency employers are contributing to health care premiums for ineligible dependents.

Research from the district's health benefits consulting firm, Gallagher and Associates, shows that many public agencies have found significant cost savings after conducting a dependent eligibility audit (DEA) and removing ineligible dependents from coverage.

With this in mind, the District is developing a plan to audit its entire dependent population for eligibility. We will provide more information on the DEA in the coming months. Dependent eligibility requirements are available by request from the Benefits Office.

Employees Formerly in PARS May Be Eligible for a Refund of Contributions

In November 1997, the district adopted a PARS ARS plan as an option to Social Security for part-time, seasonal, and temporary employees of the district. Employees in these classifications were provided an option to contribute to Social Security or an alternative plan. Many of the district's current employees who had selected the PARS ARS plan in lieu of social security may now be eligible for a refund of their contributions. The law states that an employee becomes eligible to receive his/her funds when they separate or terminate employment, retire, permanent or total disability, or have a change in employment status to a position covered by another retirement systems (i.e. CalSTRS or CalPERS). We believe many employees in the district are unaware of these funds and we will be contacting many of you which we believe are eligible in March 2013. This will mean an early Christmas for many of you.

Budget Questions and Answers

Question 1. Will a funded COLA mean an adjustment to salary schedules?

Answer. Since the details of the Governor's budget are still unknown, it is really hard to say.

Question 2. Is it true that the Adult Education Program is moving to the Community College?

Answer. The short answer is not exactly. The Governor is proposing to allocate \$600 mil. for community colleges to educate adult learners instead of K-12 school districts. K-12 school district may continue adult education programs with their own general funds.

Question 3. If full funding is restored, what are some of the district's funding priorities?

Answer. Of course, one of the first things the district would like to do is restore student days by returning to a full school year.

Major Upcoming Trainings and Workshops!

- QCC – Account Inquiry, Budget Reports and Warehouse Requisition Training – Feb 26 & 27, 2013 1:30 – 3:00 p.m.
- Attendance Secretaries meeting – Closing of the school year 2012-13 - Apr 25, 2013.

Budget Communicator Newsletter – Volume 2

E-mail sent to “All Users” on Friday, February 15, 2013:

Editorial Restatement/Clarification

All East Side Union High School District Staff. In the latest issue of the East Side Budget Communicator Newsletter, we would like to correct a misstatement and clarify our response regarding a question related to the adult education program. The question was as follows on page 5:

Question 2. Is it true that the Adult Education Program is moving to the Community College?

Restated Answer. The short answer is not exactly. The Governor is proposing a \$300 million block grant to shift responsibility for adult education from K-12 education to community colleges. The shift is still subject to legislative approval and would not prohibit K-12 school districts from continuing to fund Adult Education programs with previously earned Adult education ADA revenue which would be lumped into the district's general fund allocation.