



The East Side Budget Communicator

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Budget and Finance News

Next District Budget Advisory Committee:

Open to the Public
Feb. 26, 2015 at
4:00 pm. at the EC

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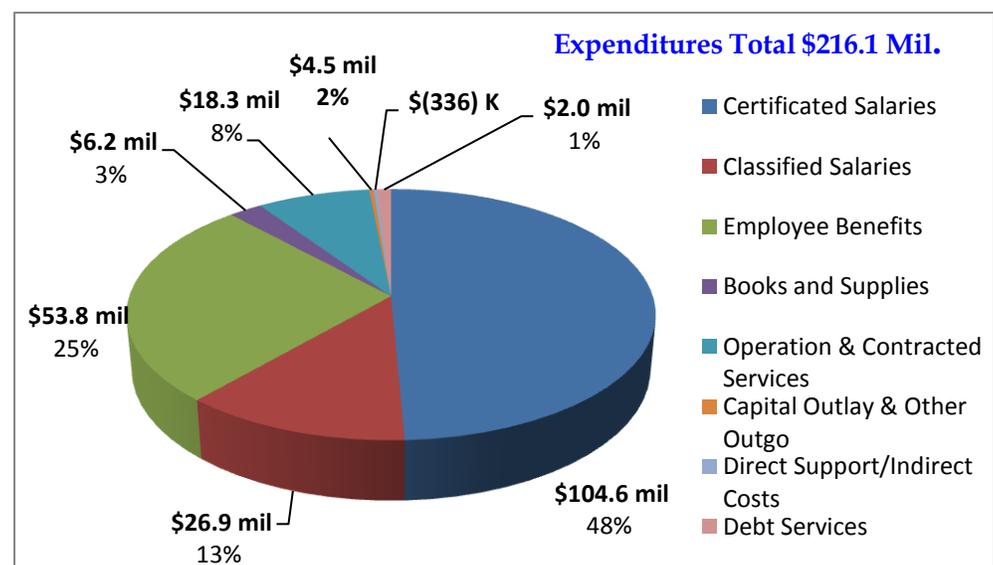
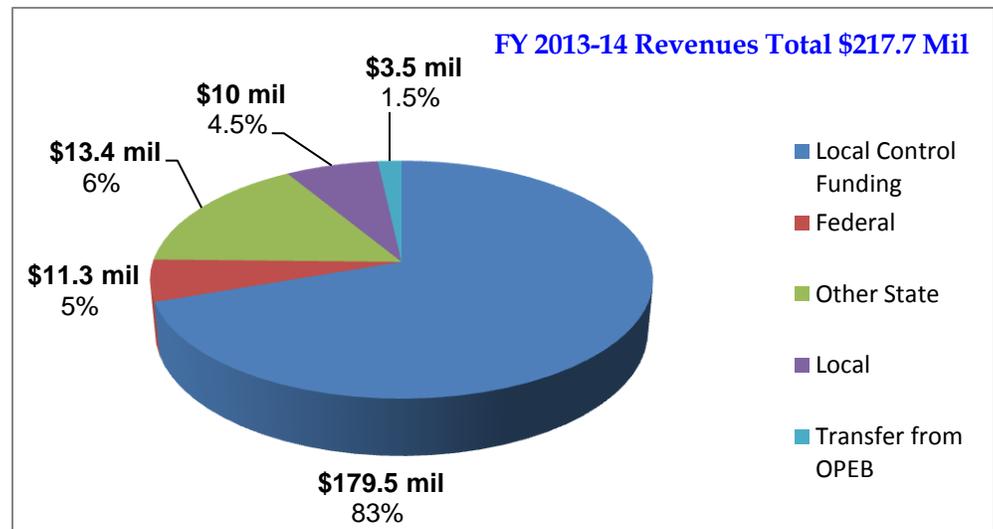
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Budget Q&A

2013/14 Unaudited Actual

East Side has successfully closed the books for FY 2013-14 and has submitted its' financial statements to the Santa Clara County Office of Education (SCCOE) for review and approval.

By incorporating good Governance and sound financial management practices, the District has ended fiscal year 2013/14 with a surplus and an increase to our combined fund balance by almost \$4.4 million compared to June estimates. The increase was primarily due to the transfer of \$3.5 million from Fund 20 other post employment benefits (OPEB) revocable trust fund. Since OPEB benefits have generally been paid from the general fund, the transfer from fund 20 provides relief to the general fund and additional resources for future uncertainties.



Fiscal Year 2014-15 Adopted Budget, State Budget Update, and Reserves

The 2014-15 budget was developed under the new LCFF law. The District's \$234 million general fund budget reflects increased funding by the State and the strategic restoration of programs and services. The District has committed almost \$10 million in ongoing revenue to hire 104 new staff to support the District's Local Control Accountability Plan (LCAP) and strategic restoration efforts. As the budget was being adopted, the Governor made a major adjustment in the amount that certificated staff and districts must contribute to STRS. The Governor made this adjustment based on analyst projections that STRS would run out of money by 2038 if the contribution amounts remain unchanged. This one change, increased the districts contribution by \$1.3 mil. for FY 2014-15, \$3.1 mil. for FY 2015-16, and \$4.9 mil. for FY 2016-17 for a total of \$9.3 million over a 3 year period.

The California Teachers Association (CTA) was a significant supporter of correcting the STRS imbalance because they felt that securing certificated teacher retirements far outweighed short-term salary gains. As you can imagine, this was a significant hit to the district reserves. The other major change that occurred shortly after the adoption of the budget was an adjustment to the State Gap %. The Gap % represents the amount of money the State will earmark for k-12 funding restoration. The most significant change in the GAP % occurred in FY 2015-16 when the rate changed from 30.39% in our adopted budget to 20.68%. This change represents almost a 10% reduction in funding which along with the other GAP % adjustments resulted in an additional loss of revenues totaling \$2 million. The district's first interim report will be updated to reflect this change. In relation to reserves, the district's reserves as of June 30, 2014 totaled 18.7%. The district's fund balance is projected to decline to 4.62% by June 2017 as a result of continued deficit spending primarily due to declining enrollment, and increased costs for Special education services and health benefits.

San Jose Federation of Teachers, (AFT) Local 957 Reach Tentative Agreement

The San Jose Federation of Teachers, AFT Local 957, AFL-CIO which represents Certificated teachers in the district's Adult Education program have reached a tentative Agreement. In relation to salary and benefits, the agreement provides for a 13% one time, off schedule for FY 2014-15. The tentative agreement allows the group to accept a different payment option should any other certificated unit agree to a different payment schedule.



Measure I Ed-Tech Bond Passes - Game Changer for East Side Students and Teachers

The district's measure I technology bond has passed and it is a potential game changer for East Side students and teachers. The bond will provide \$113 million over the next 18 years to provide an ongoing source of revenue for the district to purchase, upgrade, and replenishment technology equipment and infrastructure. The funds which are specifically earmarked for technology will help ensure that the district's teachers and students have the best and most current technology equipment that the district can procure. The funds will allow the district to respond and adapt to the rapidly changing technology environment. An expenditure plan is currently being developed to determine how the funds will be expended.

Free and Reduced Lunch sign ups are down!!!

Last year, East Side embarked on an ambitious campaign to increase the number of qualifying students for the Free Lunch Program. This effort was initiated primarily as a result of the new LCFF funding formula which provides school districts who have a high percentage of unduplicated low income, English language learners, foster youth, and migrant ed with increased funding. For FY 2013-14, the district garnered an unduplicated student count of 55.14% which allowed additional funding to flow to the district. The district's estimated unduplicated % for FY 2014-15 totals 50.9% and represents a 4.3% decline. The reduction is mostly a result of a decline in free and reduced lunch sign-ups. The decline in lunch applications could be the result of an improved economy or students deciding to opt out of the lunch program. In FY 2013-14, the district had 12,035 unduplicated eligible free and reduced students which has declined to an estimated 11,036 for FY 2014-15. A decline of almost 1,000 eligible students. The business services department is currently evaluating how the reduction will impact district funding and will include any adjustments in the upcoming first interim report.

New Affordable Care Act Requirements and Sick Leave Changes

The Affordable Care Act (ACA) mandates that every employer with 50 or more full-time equivalent employees in the United States must offer health coverage to all full-time employees and their children or pay a financial penalty. A full-time employee is defined as any employee who works an average of 30 hours or more per week which includes variable hour and seasonal employees. Under the Affordable Care Act, a “variable hour” employee is an employee who, at the start of employment, the employer cannot in good faith determine whether the individual is expected to average 30 hours of service per week during an initial measurement period. This applies to both new and ongoing employees. For this group which includes all teacher subs and temporary workers, the district must begin tracking their hours in 2015 and based on a look back period determine if medical benefits must be offered.



In relation to sick leave, the Governor recently signed AB 1522, the Healthy Workplaces, Healthy Families Act of 2014, which provides sick leave to any California employee that works 30 days or more per year. For East Side, this will once again impact all certificated substitutes and temporary employees. The business services department is also reviewing how this change **will financially impact** the district.

ESUHSD Introduces the New Company Nurse Program Reporting System for Filing All Work Related Injury Claims Effective December 1, 2014

Employees with work related injuries who NEED medical treatment must call the Company Nurse Injury Hotline @ [1-877-518-6702](tel:1-877-518-6702). It is accessible 24 hours / 7 days a week. This new service will aid our employees in getting timely and appropriate medical treatment along with reducing the paperwork.

The process is very simple, employees and supervisors must follow these steps for work related injuries beginning December 1, 2014.

- Employees must notify their supervisor immediately.
- Call the Company Nurse Injury Hotline at [1-877-518-6702](tel:1-877-518-6702) **WHEN** an injury has occurred.
- A nurse will gather information and make a care recommendation and advise the employee on the next step.
- An **Injury Report** will be sent to the designated treatment facility prior to the injured employee's visit.
- **ALL** employees **must** complete the Workers Compensation Packet provided by the Division/Principal Secretary.
- The Company Nurse Injury Hotline will send the claim form to the District Office.



Emergency Preparedness is an Emerging Priority in the District

In light of the 25th anniversary of the Loma Prieta earthquake, there has been increased speculation that the “Big One” is coming. As a school district there is nothing more tantamount to our mission then the safety and security of our students and staff. As such, the district has convened a small task force of administrators and staff to look at the district's disaster preparedness readiness. The committee will be meeting to provide recommendations and an action plan with recommended trainings and drills to make sure that East Side is ready to respond appropriately. In the event of a natural disaster one thing to keep in mind is that all School employees are considered disaster service workers and are subject to disaster service activities assigned to them. (Government Code 3100).

**To Report Fraud,
Waste, or Abuse
Anonymously Call
1-855-247-3156**

Budget Questions and Answers

Question 1. How are negotiations coming along?

Answer. The district and ESTA have had a long history of successful contract negotiations and working together to provide the very best compensation for our employees while maintaining fiscal solvency.

Question 2. Are district reserves increasing or decreasing over the next 3 years?

Answer. As of June 30, 2014, the district's reserve balance was 18.7% and because of continued deficit spending and enrollment declines, the district reserves are projected to decline to under 4% by June 30, 2017.

Question 3. What is OPEB and how much of this fund is the district allowed to use to support the general fund?

Answer. (OPEB) stands for Other Post Employment Benefits, which are funds utilized to pay retiree health benefits for eligible retired employees. The district is only allowed by law to spend up to the amount of eligible expenses which are estimated between \$4 - \$4.5 mil.

Reminder for Employee Reimbursements

Incomplete forms delay the process.

- **Requests should be submitted for payment no later than 1 month of the original back up receipt.**
- Please print clearly on the 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.
- Items should not be delivered to the employee's home address.
- Attach original invoices/receipts. For online purchases make sure to include proof of payment.

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

Upcoming Trainings

District Internal Auditor, Kelly Kwong, is offering ASB Finance Refresher Training to interested sites and students. If your site is interested, please contact Kelly directly on ext. 7-5300 or at kwongk@esuhd.org