

# DRAFT

## SAN MATEO-FOSTER CITY SCHOOL DISTRICT

### BUDGET DEVELOPMENT ASSUMPTIONS – GENERAL FUND

FISCAL YEAR 2018-2019

Board Approval date:

#### INTRODUCTION

This document contains the budget assumptions which the District will use to develop its 2018-2019 school year adopted budget. The assumptions fall into the following categories: General Assumptions; Fund Balance; Revenues; and Expenditures. Expenditure assumptions are supplement to the Local Control Accountability Plan (LCAP) and are categorized by District operations, One-Time Expenditures and LCAP Goals.

#### GENERAL ASSUMPTIONS

1. The District activities and budget will continue to be guided by the Board approved Strategic Plan and LCAP.
2. This budget assumption document is based on the Governor's January 2018-2019 State Budget Proposal and recommendations from professional school business organizations such as School Services of California (SSCal), Association of California School Administration (ACSA) , California Association of School Business Officials (CASBO) and the San Mateo County Office of Education.
3. When the 2018-2019 State Budget May Revise is announced, the assumptions will be adjusted accordingly.
4. The 2018-2019 budget public hearing will be held at the June 7, 2018 Board meeting, and the budget will be adopted at the June 22, 2018 Board meeting.

#### FUND BALANCE

5. The Board has given direction to temporarily reduce the Board Policy of reserving 10% for Economic Uncertainties to 6%.
6. Other Fund Balance Designations include prior year carryovers of unspent allocations.

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7. The 2017-2018 Unrestricted General Fund estimated ending balances, which are used to project 2018-2019 beginning balances, are shown below.

<b>Budget Summary - 2017-2018 General Fund Unrestricted Fund Balance:</b>			
	<b>First Interim</b>		<b>Second Interim</b>
	<b>Dec. 7, 2017</b>		<b>Mar. 22, 2018</b>
Projected Unrestricted Ending Balance	\$	42,797,102	\$ 33,208,250
Economic Uncertainties (6%)		8,544,500	9,212,460
Revolving Cash		35,000	35,000
Prepaid Expenditures		45,288	45,288
Other Designations		26,715,967	19,087,354
<b>Projected Undesignated Ending Balance</b>	<b>\$</b>	<b>7,456,347</b>	<b>\$ 4,828,148</b>

8. Until the 2017-2018 actual expenditures are known, the 2018-2019 restricted general fund program fund balances are estimated.

## REVENUES

9. 2018-2019 represents the sixth year of LCFF implementation. Unrestricted General Fund revenue is per the LCFF Calculator from FCMAT (Fiscal Crisis and Management Assistance Team).
- 2018-2019 COLA is estimated at 2.51%, applied to LCFF target.
  - The Governor's budget proposes the LCFF to be fully funded in 2018-2019.

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LCFF Calculator Universal Assumptions				
San Mateo-Foster City				
	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<b>Cost of Living Adjustment (COLA)</b>	1.56%	2.51%	2.41%	2.80%
<b>LCFF Entitlement Gap Funding Rate</b>	43.97%	100.00%	0.00%	0.00%
<b>Base Grants</b> <i>(calculated at 100% implementation)</i>				
Grades K-3	\$ 7,193	\$ 7,374	\$ 7,552	\$ 7,763
Grades 4-6	\$ 7,301	\$ 7,484	\$ 7,664	\$ 7,879
Grades 7-8	\$ 7,518	\$ 7,707	\$ 7,893	\$ 8,114
<b>Grade Span Adjustment</b> <i>(calculated)</i>				
Grades K-3	\$ 748	\$ 767	\$ 785	\$ 807
<b>Add-Ons</b> <i>(no COLA)</i>				
Targeted Instructional Improvement	\$ 224,147	\$ 224,147	\$ 224,147	\$ 224,147
Transportation	\$ 231,328	\$ 231,328	\$ 231,328	\$ 231,328
<b>Supplemental Grant</b> <i>(percent of Base Grant amount)</i>	6.92%	7.90%	7.89%	7.90%
<b>San Mateo-Foster City School District's</b>				
<b>LCFF Entitlement per ADA</b> <i>(estimated)</i>	\$ 8,042	\$ 8,497	\$ 8,700	\$ 8,944

10. Property Tax revenue is budgeted with a 5% increase (will be updated when County Assessor projection is issued in August).
11. As the LCFF will be fully funded and revenue increases to the LCFF will be based upon COLA only, the District may be funded as either LCFF or Basic Aid. Basic Aid funding could occur when the percent increase to property taxes (assessed valuation) exceeds the percent increase in state funded COLA, enrollment changes, or state funding rates change. At this time, the District is projected to be Basic Aid for 2018-2019 and the two out years.
12. Enrollment Trends and Assumptions - enrollment figures are used to project staffing, average daily attendance (ADA), and LCFF entitlement. The following projections will be updated and incorporated into our budget as new data emerges.

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Budgeted Enrollment	11,835	11,765	11,739	11,727
Change from prior year	-134	-70	-26	-12
Percentage change	-1.12%	-0.59%	-0.22%	-0.10%
Average Daily Attendance (ADA)	11,428	11,358	11,315	11,364

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13. 2018-2019 Lottery revenues are projected as follows by California Lottery Commission:
  - Unrestricted at \$146.00 per ADA
  - Restricted Proposition 20 at \$48.00 per ADA
14. The District will continue to budget for the Mandate Block Grant. The 2018-2019 estimated rate is \$31.10 per ADA.
15. Special Education state revenue will be budgeted with 2.51% COLA. Special Education Federal revenue will be budgeted at same level as in 2017-2018.
16. Other Federal categorical programs will be budgeted at the same level as in 2017-2018.
17. Interest income is projected to be at 1.0%.
18. Local grants and donations (revenue & expenses) are not budgeted for the July 1 budget. When received, these revenues (and associated expenses) will be posted to the budget.
19. Board approved facility use fees will continue to be collected from the users of District facilities. The fees will be adjusted by the change in the Consumer Price Index (CPI).
20. A Parcel Tax was authorized by the voters in 1991 (Measure B). This tax will continue to be adjusted by the change in the Consumer Price Index (CPI).
21. The Annex Program will contribute \$500,000 and Fee-based preschool will contribute \$250,000 per year to the General Fund.
22. California is 46 out of 50 in per student funding in the nation.

## EXPENDITURES

SMFC LCAP Goal 1: Students will attend class in a well-maintained facility, with standards-aligned instructional materials and taught by credentialed teachers.

23. Classroom teacher allocations (FTEs) will be calculated based on the 2018-2019 enrollment projections, ratios are as follows.
  - Grade TK-3 = 24 to 1 staffing ratio (averaged per site)
  - Grade 4-8 = 30 to 1 staffing ratio

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24. Classified support staff will be determined based on established allocation formulas.
  - Student supervision
  - School office assistants
  - Custodians
  - Maintenance and Grounds Keeping
25. The District will continue to provide support for physical education for elementary schools, student supervision, and school office assistants.
26. Purchase of instructional materials as necessary to implement California State Standards and meet Williams Settlement requirements.
27. Salary projections include the negotiated salary increases through 2017-2018 and costs of step advancement for:
  - SMETA (average 4% annually from Step 1 to Step 22)
  - CSEA (average 5% annually from Step 1 to Step 6)
28. Projections include the negotiated SMETA hourly increase from \$30 to \$45 per hour
29. Other certificated projections include the District sponsored Outdoor Education stipend of \$250 per night
30. Artist in Residence (5<sup>th</sup> grade music) hourly rate of \$40 is included in other classified projections.
31. It is the District's priority to fairly compensate all employees and to retain the best employees with competitive salary schedules and benefits. Future negotiable salary adjustments are added to the budget upon settlement and are not included the adopted budget assumptions.

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32. Estimated payroll driven costs are listed below.

<b><u>Employer Tax</u></b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
STRS (State retirement-Cert)	14.43%	16.28%	18.13%	19.10%
PERS (State retirement-Class)	15.53%	18.06%	20.00%	22.70%
Employee PERS	0.00%	0.00%	0.00%	0.00%
OASDI (Federal retirement)	6.20%	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%	1.45%
Unemployment Insurance	0.05%	0.05%	0.05%	0.05%
Workers Comp	2.44%	2.56%	2.69%	2.82%
Retiree Benefits (OPEB)	2.50%	2.50%	2.50%	2.50%
Certificated P/R Tax & Benefits	20.87%	22.84%	24.82%	25.92%
Classified P/R Tax & Benefits	28.17%	30.82%	32.89%	35.72%

33. Training and staff development for certificated and classified employees as needed to support district goals.
34. School allocations per enrolled student as of October CalPADS/CBEDS will be as follows:
- a. Middle School: \$36.00
  - b. Elementary School: \$31.00
  - c. School office supply: \$10.00
  - d. Custodial supply: \$10.00
35. Routine Restricted Maintenance (RRM) set aside of 3% of total general fund expenditures is required by Education Code Section 17070.75 for ongoing maintenance of the grounds and buildings.
36. Deferred Maintenance set aside of 1% of unrestricted general fund revenues transferred to Fund 14 to ensure safe, clean, and functional school facilities in compliance with the requirements of the Williams Act settlement and Education Code Section 17582(a). Deferred maintenance includes major repair or replacement of plumbing, heating, air conditioning, electrical, roofing, floor systems, interior/exterior painting of school buildings, and the inspection, sampling, and analysis of building materials for carcinogenic materials.

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37. Utility costs will be projected based on three years average of actual annual spending and discussion and recommendations from utility companies (if any)

## District Operations

38. The Medical Insurance rate for 2019 will be released by CALPERS in June 2018. The District will use 7% for all medical benefits until we receive the actual rate.
39. Per the Government Accounting Standard Board (GASB) Statement 75, the District must recognize and record Annual Required Contribution (ARC) expense relating to Other Post-Employment Benefits (OPEB). The district will budget the payroll charge of 2.5% to be transferred to the Retiree Benefit Fund 71.
40. San Mateo County Schools Insurance Group (SMCSIG) will approve rates in May 2018. The 2018-2019 Tentative Budget will use the following assumptions:
- Dental Premium (Joint Power Agency): 0%
  - Vision Premium (Joint Power Agency): 2%
  - Property Liability Insurance, including flood insurance and cyber security insurance (Joint Power Agency): 12%
  - Worker Compensation Insurance Premium: 5%
41. Transfer into the Special Reserve for Insurance, Fund 17 an amount equal to the difference in property and liability and flood insurance cost at a higher level of deductible per occurrence as listed below. The intent is to maintain a fund to pay for the District's insurance deductibles as needed.
- Property and liability insurance will be purchased at the \$10,000 and \$15,000 deductible level instead of \$5,000 deductible level.
  - Flood insurance will be purchased at the \$500,000 deductible level instead of the \$250,000 deductible level. Pending the outcome of voter approval of the Foster City Levee Project, should Foster City schools be determined by FEMA to be in a hazardous flood zone, flood insurance premiums could increase by approximately \$30,000 per year.

## One-Time Expenditures

42. The Governor's Proposed State Budget includes an estimated \$295/ADA in one-time funding for 2018-2019 to count towards the mandated claims backlog.
43. One-time funds (Supplemental property taxes) received in 2017-2018 are projected to support the general fund deficit spending in 2018-2019.

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## SMFC LCAP Goal 2: Students will make progress toward meeting or exceeding grade level California Standards.

44. The Federal Magnet Grant funding ended in 2010-11. The District will provide for the required components of the International Baccalaureate (IB) and Montessori programs.
45. The District will continue to budget the needed funding shortfall to support mandated services for Special Education, Transportation, and matches for Academic Centers
46. Technology devices for staff and/or students budgeted at \$500K of unrestricted general fund revenues is for the replacement of obsolescent or broken devices and \$350K for new purchases (Chrome books). These funds may carryover if needed.

## SMFC LCAP Goal 2: All students will make progress toward meeting or exceeding grade level California Standards.

1. All students
2. Students with Disabilities
3. Students who are English Learners or Socioeconomically Disadvantaged

## SMFC LCAP Goal 3: Students will engage in ongoing healthy lifestyles, supporting social, emotional, and physical aspects.

## SMFC LCAP Goal 4: Families will participate in their child's education.

47. Training and staff development for certificated and classified employees as needed to support district goals.