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SAN MATEO-FOSTER CITY SCHOOL DISTRICT

BUDGET DEVELOPMENT ASSUMPTIONS – GENERAL FUND

FISCAL YEAR 2022-2023

Board Approval date:

INTRODUCTION

This document contains the budget assumptions which the District will use to develop its 2022-2023 school year adopted budget for the General Fund. The assumptions fall into the following categories: General Assumptions; Fund Balance; Revenues; and Expenditures. Expenditure assumptions supplement and align with the Local Control Accountability Plan (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 2022-2023 State Budget Proposal and recommendations from professional school business organizations such as School Services of California (SSCal), Schools for Sound Finance (SF2), Association of California School Administration (ACSA), California Association of School Business Officials (CASBO) and the San Mateo County Office of Education.
3. When the 2022-2023 State Budget May Revise is announced, the assumptions will be adjusted accordingly.
4. The 2022-2023 budget public hearing will be held at the June 23, 2022 Board meeting, and the budget will be presented for adoption at the June 23, 2022 Board meeting.

FUND BALANCE

5. The Board has given direction to maintain the Economic Uncertainties Reserve at 6%.
6. Other Fund Balance Designations include prior year carryovers of unspent allocations.

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7. The 2021-2022 Unrestricted General Fund estimated ending balances, which are used to project 2022-2023 beginning balances, are shown below.

San Mateo Foster City School District		
Budget Summary 2021-2022		
Unrestricted General Fund		
	First Interim	Second Interim
Beginning Fund Balance	\$ 37,778,529	\$ 37,778,529
Ending Fund Balance	\$ 33,416,751	\$ 38,159,361
Components of Ending Fund Balance		
Non Spendable	\$ 35,000	\$ 35,000
Committed		
Stabilization Arrangements 3%	\$ 5,341,608	\$ 5,265,328
Assigned		
Vacation	\$ 500,000	\$ 500,000
One Month Payroll	\$ 11,570,292	\$ 11,570,292
Set Aside for Insurance	\$ 291,595	\$ 291,595
Set Aside for insurance deduction for P&L in	\$ 500,000	\$ 500,000
Delays from 19-20 due to COVID	\$ 9,836,648	\$ 9,460,463
Reserve for Stabilization		\$ 2,771,355
Reserve for additional pd		\$ 2,500,000
Reserve for Economic Uncertainties	\$ 5,341,608	\$ 5,265,328
Total Unrestricted GF	\$ 33,416,751	\$ 38,159,361

8. Until the 2021-2022 actual expenditures are known, the 2022-2023 restricted general fund program fund balances are estimated.

REVENUES

9. Unrestricted General Fund revenue is per the LCFF Calculator from FCMAT (Fiscal Crisis and Management Assistance Team).
- 2022-2023 COLA is estimated at 6.56%, applied to LCFF target.

SSC School District and Charter School Financial Projection Dashboard 2022-23 Governor's Budget

This version of School Services of California Inc.'s (SSC) Financial Projection Dashboard is based on the 2022-23 Governor's Budget proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Finance Statutory COLA ¹	1.70%	5.33%	3.61%	3.64%	3.62%
Planning COLA	5.07% ²	5.33%	3.61%	3.64%	3.62%

LCFF GRADE SPAN FACTORS FOR 2022-23				
Entitlement Factors per ADA*	K-3	4-6	7-8	9-12
2021-22 Base Grants	\$8,093	\$8,215	\$8,458	\$9,802
Statutory COLA at 5.33%	\$431	\$438	\$451	\$522
2022-23 Base Grants	\$8,524	\$8,653	\$8,909	\$10,324
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$886	—	—	\$268
2022-23 Adjusted Base Grants ³	\$9,410	\$8,653	\$8,909	\$10,592

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2021-22	2022-23	2023-24	2024-25	2025-26
California CPI		5.78%	3.69%	2.90%	2.75%	2.60%
California Lottery	Unrestricted per ADA	\$163	\$163	\$163	\$163	\$163
	Restricted per ADA	\$65	\$65	\$65	\$65	\$65
Mandate Block Grant (District)	Grades K-8 per ADA	\$32.79	\$34.54	\$35.79	\$37.09	\$38.43
	Grades 9-12 per ADA	\$63.17	\$66.54	\$68.94	\$71.45	\$74.04
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$17.21	\$18.13	\$18.78	\$19.46	\$20.16
	Grades 9-12 per ADA	\$47.84	\$50.39	\$52.21	\$54.11	\$56.07
Interest Rate for Ten-Year Treasuries		1.93%	2.50%	2.90%	3.00%	2.60%
CalSTRS Employer Rate ⁴		16.92%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁴		22.91%	26.10%	27.10%	27.70%	27.80%
Unemployment Insurance Rate ⁵		0.50%	0.50%	0.20%	0.20%	0.20%

10. Property Tax revenue is budgeted with a 6.83% increase (will be updated when CountyAssessor projection is issued in late August).
11. At this time, the District is projected to be a Basic Aid District for 2022-2023 and the two subsequent fiscal years in the Multi Year Projection.
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. TK enrollment is budgeted flat. There is no identified State funding source for TK for Basic Aid Districts.

	2021-22	2022-23	2023-24
Budgeted Enrollment	11057	10209	10209
Actual Enrollment	10359		
Change From Prior Year	-698	-150	0
Percentage Change	-0.06313	-0.01448	
Average Daily Attendance	9841.05	9698.55	9698.55

13. 2022-2023 Lottery revenues are projected as follows by California Lottery Commission:

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- Unrestricted at \$163.00 per ADA

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- Restricted Proposition 20 at \$65.00 per ADA
14. The District will continue to budget for the Mandated Block Grant. The 2022-2023 estimated rate is \$32.79 per ADA.
 15. Special Education state revenue will be adjusted to align with the newly proposed special ed funding formula. Federal revenue will be budgeted at the same level as 2021-2022.
 16. The Governor's May Revise proposes \$8 Billion in one time Prop 98 dollars on a per pupil basis to K-12 LEAs. This is estimate to be as much as \$1,400 per ADA.
 17. Other Federal categorical programs will be budgeted at the same level as in 2021-2022.
 18. Interest income is projected to be at 1.48%.
 19. Local grants and donations (revenue & expenses) are not budgeted for in the July 1 budget. When received, these revenues (and associated expenses) will be posted to the budget.
 20. 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).
 21. 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).
 22. The Measure V parcel tax was passed by voters at the Nov. 6, 2018 election. Revenue from this parcel tax is estimated at \$10 million per year and is included in the 2022-2023 budget. The term is nine years and will expire in 2028-2029.
 23. The Annex Program and Fee-based preschool will not require contributions from the general fund.

EXPENDITURES

24. Classroom teacher allocations (FTEs) will be calculated based on the 2022-2023 enrollment projections, ratios are as follows.
 - Grade TK-3 = 24 to 1 staffing ratio (averaged per site)
 - Grade 4-5 = 26 to 1 staffing ratio
 - 6-8 = 28 to 1 staffing ratio

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25. Classified support staff will be determined based on established allocation formulas.
 - Student supervision
 - School office assistants
 - Custodians
 - Maintenance and Grounds Keeping
26. The District will continue to provide support for physical education for elementary schools.
27. The District will continue the purchase of instructional materials as necessary to implement California State Standards and meet Williams Settlement requirements.
28. Salary projections include the cost of step and column advancement for:
 - SMETA (average 4% annually from Step 1 to Step 22)
 - CSEA (average 5% annually from Step 1 to Step 6)
 - Management (average 5% annually from Step 1 to Step 4)
29. Other certificated projections include the District sponsored Outdoor Education stipend of \$250 per night and new stipends for Montessori certification and Title I schools, BCLAD, Special Education, and the new substitute rate.
30. Artist in Residence (5th grade music) hourly rate of \$40 is included in consultants. The TK-5 music program is included in other services. The SMFCSD Education Foundation's annual donation funds a portion of the Artist in Residence (5th grade music) program.
31. It is the District's priority to provide fair and equitable salaries and benefits consistent with the District's budget and priorities. Negotiable salary adjustments are added to the budget upon settlement.
32. Positions funded with LCAP Supplemental funds are funded entirely through the LCAP and are reviewed annually to ensure that they provide increased or improved services to qualified students.

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33. Estimated payroll-driven costs are listed below.

<i>Employer Tax</i>	2022-2023	2023-2024	2024-2025
CalSTRS	19.10%	19.10%	19.10%
CalPERS	25.37%	25.37%	27.70%
Unemployment Insurance	0.50%	0.20%	0.20%
OASDI (Federal Retirement)	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
Workers Compensation	2.40%	2.20%	2.20%
Retiree Benefits (OPEB)	2.50%	2.50%	2.50%

34. Sites will provide training and staff development for certificated and classified staff through School Plan for Student Achievement (SPSA) planning and budgeting. The District will support and expand upon site-based training and staff development through the Local Control Accountability Plan (LCAP) planning and budgeting.
35. All middle schools will have an Assistant Principal. Elementary schools with a student enrollment of 600 or more will have an Assistant Principal.
36. School allocations per enrolled student as of October CalPADS/CBEDS and SEIS (Special Education Pre School) will be as follows:
- a. Middle School instructional supplies: \$36.00
 - b. Elementary School instructional supplies: \$31.00
 - c. Special Education Pre School instructional supplies: \$31.00
 - d. School office supplies: \$10.00
 - e. Custodial supplies: \$10.00

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37. The 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.
38. 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.
39. Utility costs will be projected based on three years average of actual annual spending and discussion and notifications from utility companies (if any).

District Operations

40. The Medical Insurance rate for 2022 will be released by CALPERS in June 2022. The District will use 7% for all medical benefits until the actual rate is received.
41. Per the Government Accounting Standard Board (GASB) Statement 75, the District must recognize and record expenses 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. The District will explore options for reducing OPEB liabilities through an irrevocable trust.
42. San Mateo County Schools Insurance Group (SMCSIG) will approve the 2022-2023 insurance rates in May 2022. The Tentative Budget will use the following rate adjustment assumptions:
 - Dental Premium (Joint Power Agency): 0%
 - Vision Premium (Joint Power Agency): 0%
 - Property Liability Insurance, including flood insurance and cyber security insurance (Joint Power Agency): 20%
 - Worker Compensation Insurance Premium: TBD In April 2022
43. 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.

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44. SMCSIG will no longer insure against mold claims. The District will establish a self-insurance fund for mold damage in Fund 17 to help offset the liability of these losses.
45. Funding for Title I, II, III and IV and the Individuals with Disabilities Education Act (IDEA) programs will be allocated and reported according to the federal program guidelines.
46. Title I schools will be determined annually based on a participation rate in the Free and Reduced Lunch Program of 50% or greater. Schools for 2022/23 are Laurel, Sunnybrae, LEAD, and San Mateo Park.
47. The District will pay the required fees of the International Baccalaureate (IB) program at Sunnybrae.
48. The District will continue to budget general fund contributions to support services for Special Education, Transportation, Academic Centers, Induction Program and the after school athletic programs at the middle schools.
49. Technology devices for staff and/or students budgeted at \$700K of general fund revenues are for replacing obsolescent or broken devices.
50. The 22-23 budget reflects an increase in Special Education staff, offset by a decrease in anticipated expenditures for Non Public School Agencies, and a budgeted reduction in settlement agreements in special education.