



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 15, 2025

Robert H. Griffin
President, Governing Board
San Mateo Union High School District
650 North Delaware Street
San Mateo, CA 94401

RE: Local Control and Accountability Plan and Adopted Budget – Fiscal Year 2025-26

Dear Board President Griffin:

The San Mateo County Office of Education (SMCOE) has completed its review of San Mateo Union High School District's Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2025-26 fiscal year pursuant to Education Codes 42127 and 52070.

A. LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP)

The County Superintendent is required to approve the District's LCAP if it is determined that the following criteria have been met:

- The LCAP adheres to the template adopted by the State Board of Education (*EC 52064*)
- The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP
- The LCAP adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils (*EC 42238.02* and *42238.03*)
- The LCAP includes the required calculations to determine whether there is a carryover requirement, and if applicable, includes a description of the planned uses of the specific funds and a description of how the planned uses are to be considered as contributing towards meeting the increased or improved services requirement $\{(EC 52070(d)(4))\}$

The San Mateo County Superintendent of Schools has approved your Local Control Accountability Plan for the 2025-26 school year, pursuant to Education Code (EC) Section 52070.5(d). California Education Code requires the County Superintendent to review and approve the LCAP prior to the approval of the LEA's adopted budget per EC Section 42127(2). Your board approved LCAP will be posted on the SMCOE website.

B. ADOPTED BUDGET

In accordance with Education Code Section 42127, the County Superintendent of Schools has examined the Adopted Budget of San Mateo Union High School District (the District) for fiscal year 2025-26 to determine if it complies with the criteria and standards adopted by the State Board of Education, allows the District to meet its financial obligations during the fiscal year, and is consistent with a financial plan that will allow the District to meet its multi-year financial commitments.

The County Office's review and analysis confirms that the 2025-26 Budget, adopted by the Governing Board on June 26, 2025, meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** the San Mateo Union High School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget projects a \$3.6 million decrease in the General Fund Balance. Deficit spending decreased by \$6.6 million compared to 2024-25 Estimated Actuals.

Total revenues are projected to decrease \$4.4 million. Property taxes are projected to increase by \$5 million while federal and state revenues are projected to decrease by approximately \$4 million due to the removal of one-time funds. Local revenue decreased by \$5.5 million as donations and grants are recognized upon receipt.

Total expenditures are projected to decrease by \$10.5 million. Salaries and benefits expenditures increased by \$2.3 million due to step and column adjustments, staffing adjustments, higher PERS pension rates, an anticipated 2.5% Cost-of-Living-Adjustment salary increase, and health and welfare costs. Books and supplies, other operating expenses, and capital outlay are projected to decrease by approximately \$13.3 million due to elimination of one-time funds.

RESERVES

The state-recommended minimum reserve for San Mateo Union High School District is 3% of total General Fund expenditures. The District projects \$7.5 million in available reserves or 3% of the total General Fund expenditures for 2025-26.

The Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) ending balance of \$13 million is not included as part of the total reserve calculation.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are projected to remain constant at 3% in each of the outyears.

Total revenues are projected to increase \$6.7 million in 2026-27 and \$7.1 million in 2027-28. Local Control Funding Formula (LCFF) revenues show an increase of 3.07% in each of the outyears. All other revenues remain relatively flat.

Total expenditures are projected to increase \$2.7 million in 2026-27 and \$3.3 million in 2027-28. Salaries and benefits are projected to increase \$1.2 million in 2026-27 and \$2.1 million in 2027-28 with increases due to an approximate 1% step-and column adjustment. Salary increases in 2026-27 also include a reduction in restricted positions funded by one-time funds. Books and supplies and capital outlay are projected to remain flat. Services and other operating expenditures are projected to increase 5% annually and election costs have been added in 2026-27.

DEFICIT SPENDING

The multi-year projection shows deficit spending in the Unrestricted General Fund in the current fiscal year by \$545,000 followed by surpluses of \$740,000 in 2026-27 and \$4.2 million in 2027-28.

CASH FLOW

The District submitted a two-year cash flow projection for 2025-26 and 2026-27 showing negative cash balances in the months of October and November in both years. Negative cash balances will be covered with cash in other funds.

The projected year-end cash balances are \$60.4 million in 2025-26 and \$61.1 million in 2026-27.

The County Superintendent advises the district to review cash balances across all funds monthly to ensure they remain positive. The San Mateo County Controller's Office allows a negative balance in any fund only if the total district-wide cash balance is positive.

The District is reminded that the San Mateo County Controller's Office does not allow negative cash balances in any account at the end of the fiscal year.

SALARY NEGOTIATIONS

The District has not settled negotiations with the certificated and classified bargaining units for the current year.

In accordance with Government Code 3547.5 and Assembly Bill 2756, the District must provide the County Office of Education with an analysis of cost and impact on operating budget of any proposed salary settlement. The District is also required to submit the following documents reflecting the financial impact:

- 1) Disclosure of Collective Bargaining Agreement ten (10) days before the Governing Board acts on any tentative collective bargaining agreement (requires the signatures of the Superintendent and the Chief Business Official).
- 2) Multi-year spreadsheet (reflecting current and two subsequent fiscal years).
- 3) Budget revisions (if necessary, must be posted to the financial system prior to processing a salary settlement on the payroll system).

The County Superintendent recommends the District conduct a thorough pre-settlement analysis of any proposed collective bargaining agreement especially for multi-year contracts to make sure the District can sustain related costs and avoid the risk of insolvency.

OTHER FUNDS

Below is a summary of funds with notable changes in the 2025-26 Adopted Budget compared to 2024-25 Estimated Actuals.

Building Fund (Fund 21): Local revenues have decreased by 60.4% or \$14.5 million. The fair value of investments are not included. Additionally, expenditures for ongoing projects are not included and total expenditures have been reduced by 98% or \$213.8 million. The 2024-25 Estimated Actuals show deficit spending of \$105 million, however the 2025-26 Adopted Budget shows an excess of \$9.2 million in revenues over expenditures. The District budgets Fund 21 on a project basis rather than annually. The County Office anticipates adjusting the budget at the first interim based on board-approved projects.

There are no significant changes in the other funds compared to the 2024-25 Estimated Actuals.

CHARTER SCHOOL

The District is the authorizing agency for Design Tech High School. As the authorizing agency, the District maintains fiscal oversight responsibilities, particularly in the key area of accounting, attendance reporting, budgeting, and payroll.

As an authorizing agency, the District must continue to closely monitor the charter school Local Control Accountability Plan and budget to ensure that sufficient funds are maintained to support all goals and actions included in the LCAP for 2025-26.

Should any circumstances arise related to the charter school that would negatively impact the financial condition of the District, please notify the County Office of Education as soon as possible.

We commend the work done by the Board and district staff to develop this year's LCAP and Budget. Don't hesitate to get in touch with us if you have any questions about our review of your district's 2025-26 LCAP or Budget.

Sincerely,



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Enclosures

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