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| Board Agenda Item # | III H: Action Item |
| Date: | January 20, 2022 |
| To: | Magnolia Public Schools - Board of Directors |
| From: | Alfredo Rubalcava, CEO & Superintendent |
| Staff Lead: | Steve Budhreja Ed.D, Chief Financial Officer |
| RE: | Adoption of State Disability Insurance (SDI) account for MSA-1 |

Proposed Board Recommendation

I move that the Board approve the establishment of a State Disability Insurance (SDI) account for MSA-1 transitioning from the school`s private tax-rated account to School Employee Fund (SEF) as advised by the California Employment Development Department (EDD).

Introduction

Public school districts, charter schools, (kindergarten through 12th grade) and community colleges may elect to participate in the School Employees Fund (SEF), which is a special reimbursable financing method available for school districts.

The SEF is a joint, pooled-risk fund administered by the EDD, which collects contributions based on a percentage of total wages paid by public schools and community college districts. The SEF reimburses the Unemployment Insurance (UI) Fund for the cost of UI benefits paid to former school employees. It is a statutory requirement for MSA-1 to adopt an SDI account to be able to initiate the SEF account.

Background

Currently, all existing Magnolia Public Schools (MPS) with the exception of MSA-1 are already participating in the SEF account. The Finance Department prepares and submits wage and tax reports to the EDD on a quarterly basis as noted below for the other MSA schools.

| Account | Account ID | Name |
|-----------------------|------------|--------------------------------------|
| School Employees Fund | 942-6262-3 | MAGNOLIA SCIENCE ACADEMY - 2 |
| School Employees Fund | 942-6277-1 | MAGNOLIA SCIENCE ACADEMY-3 |
| School Employees Fund | 942-6278-9 | MAGNOLIA SCIENCE ACADEMY – 4 |
| School Employees Fund | 942-6279-7 | MAGNOLIA SCIENCE ACADEMY – 5 |
| School Employees Fund | 942-6300-1 | MAGNOLIA SCIENCE ACADEMY – 6 |
| School Employees Fund | 942-6301-9 | MAGNOLIA SCIENCE ACADEMY – 7 |
| School Employees Fund | 942-6326-6 | MAGNOLIA SCIENCE ACADEMY- 8 |
| School Employees Fund | 942-6303-5 | MAGNOLIA SCIENCE ACADEMY - SANTA ANA |
| School Employees Fund | 942-6212-8 | MAGNOLIA SCIENCE ACADEMY SAN DIEGO |

Overview

MSA-1 is the only location that is currently not a member of SEF. Consequently, the school pays Employment Training Tax (ETT) and State Unemployment Insurance (SUI) tax at the time of payroll, while all other MPS schools pay SUI tax quarterly with the submission of the Wage reporting.

Budget Implications

MSA-1 does not need to pay the ETT tax when the school switches to the SEF account. As a result of this action, the school is estimated to save approximately \$1,500-\$2,000 per year.

Exhibits:

Board Resolution – Adoption of SDI Account for MSA 1



Resolution for the Adoption of State Disability Insurance (SDI) account for Magnolia Science Academy - 1

WHEREAS, the board approves the adoption of a State Disability Insurance (SDI) account for MSA-1. The school's EDD account is interchanged to School Employee Fund (SEF) from the private tax-rated account.

WEREAS, any of the following Authorized signatories of the company are hereby authorized, singly / jointly, on behalf of the company to sign, submit and execute the required applications, documents, deeds, and writings and do all such acts, deeds, and things as may be needed in this regard to implement and give effect to this resolution:

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of Directors of Magnolia Public Schools (MPS) after discussion, approved the following Resolution:

Resolution for the Adoption of State Disability Insurance (SDI) account for Magnolia Science Academy - 1

Certified copy of the relevant extract from the minutes of the Meeting of Board of Directors of Magnolia Public Schools (MPS) held on January 20, 2022 at 6:30 p.m.

Name

Signature

1.

2.