



Franklin-McKinley School District

PREPARING ALL CHILDREN AS GLOBAL LEARNERS



2024-25 FIRST INTERIM PRESENTATION

DECEMBER 10, 2024

AGENDA

- Purpose of the First Interim
- Where we are in the Budget Cycle
- Key Changes in Assumptions
- Summarize FMSD Updated MYP
- Explain Significant Changes Since Adopted Budget
- Next Steps
- **BOARD ACTION** - Approve Interim As Presented



PURPOSE OF THE FIRST INTERIM

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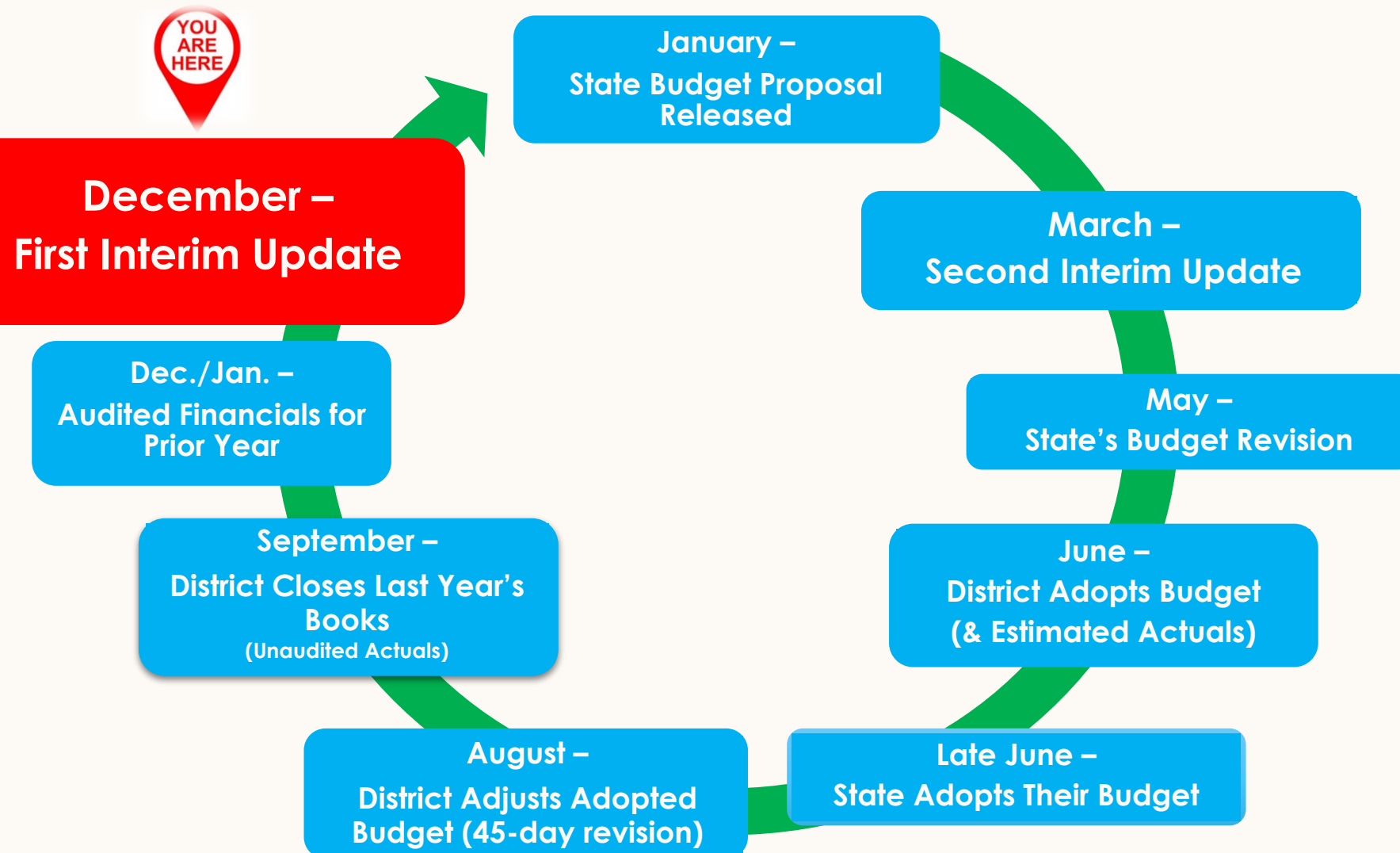
- Realign FMSD MYP (Multi Year Projection) with State Adopted Budget
- Summarize changes in other budget assumptions impacting MYP
 - ❖ Examples include (i) Funding updates, (ii) Staffing Changes, (iii) Carryover, etc.,
- **Board Action Required Under Ed Code:** School Boards are required to certify updated projection for the current year and two subsequent years twice a year (Interim Reports)
- In accordance with Ed Code 42130, 33127, 33129, AB 1200 & AB 2756
 - ❖ Typically, During December and March of each year
 - ❖ MYP include 24-25, 25-26, & 26-27

BUDGET CYCLE

Where we are...



BUDGET CYCLE





KEY ASSUMPTIONS

SSC School District and Charter School Financial Projection Dartboard
2024-25 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2024–25 Enacted State Budget. 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	2023-24 ¹	2024-25 ²	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	1.07%	2.93%	3.08%	3.30%

LCFF GRADE SPAN FACTORS FOR 2024-25				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 1.07%	\$106	\$108	\$111	\$129
2024-25 Base Grants	\$10,025	\$10,177	\$10,478	\$12,144
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,043	–	–	\$316
2024-25 Adjusted Base Grants ³	\$11,068	\$10,177	\$10,478	\$12,460
Transitional Kindergarten (TK) Add-On ⁴	\$3,077	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.46%	3.23%	2.86%	2.81%	2.85%
California Lottery	Unrestricted per ADA	\$211	\$191	\$191	\$191	\$191
	Restricted per ADA	\$102	\$82	\$82	\$82	\$82
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.21	\$39.33	\$40.54	\$41.88
	Grades 9-12 per ADA	\$72.84	\$73.62	\$75.78	\$78.11	\$80.69
Mandate Block Grant (Charter) ⁵	Grades K-8 per ADA	\$19.85	\$20.06	\$20.65	\$21.29	\$21.99
	Grades 9-12 per ADA	\$55.17	\$55.76	\$57.39	\$59.16	\$61.11
Interest Rate for Ten-Year Treasuries		4.26%	3.89%	3.58%	3.60%	3.50%
CalSTRS Employer Rate ⁶		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		26.68%	27.05%	27.60%	28.00%	29.20%
Unemployment Insurance Rate ⁷		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁸		\$16.00	\$16.50	\$17.00	\$17.40	\$17.80

STATE MINIMUM RESERVE REQUIREMENTS FOR 2024-25	
Reserve Requirement	District ADA Range
The greater of 5% or \$87,000	0 to 300
The greater of 4% or \$87,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 250,000
1%	250,001 and higher

MYP ASSUMPTIONS


- Updated Home-To-School Reimbursements
- Measure W revenue starting July 1, 2025
- Unaudited Actuals Ending Balance
- Updated ADA Projections and UPP numbers
- Updated School Services Dartboard (July 2024)
 - Based on enacted budget
- Updated lottery funding rates
- Savings from unfilled positions
- Added carryover, new grants & donations
- **\$26.9M in cuts to meet reserve**
 - Eliminating Over 135 FTEs
 - Closing schools, Reducing Work Calendar
 - Reducing Contracts / Supplies budget

\$22.9M IN CUTS REQUIRED BY JULY 1, 2025, TO MAINTAIN RESERVE

<u>Type of Cut</u>	<u>FTE</u>	<u>Estimated Savings</u>
Certificated	50.55	\$ 7,694,705
Classified	19.67	\$ 1,826,880
Management	4.00	\$ 755,014
School Consolidation / Reduce Work Calendar / Salary Adjustments (FMEA, CSEA, & Management)	61.06	\$ 11,912,008
Contracts/Supplies	-	\$ 711,393
Total Cuts	135.28	\$ 22,900,000

- **MUST** finalize personnel reductions before **March 15, 2025**
- FMSSD still requires another **\$4M in cuts by July 1, 2026**, to maintain an **adequate** reserve.
- This is before any salary and stipend increases for FMEA, CSEA, and Mgmt.
- The cuts above assume **cuts from Special Education** to drastically reduce the contribution to the Special Education program.

BUDGET CUT MILESTONES

- September/October 2024 – Begin school consolidation discussion & other budget reductions 
- February 1, 2025 – Decide which schools to consolidate
- February 11, 2025 – Board meeting to approve cuts and schools to consolidate
- March 15, 2025 (Saturday) – Finish all formal staff notifications (i.e., CSEA, FMEA & Management)

UPDATED MYP



College Connection
Your Path to College Starts Here and



Cal State East Bay

Combined General Fund		Unaudited			
Multi-Year Projections	<i>Formula</i>	Actuals	Multi-Year Projections		
<i>(amounts in dollars)</i>	<i>Reference</i>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Beginning Balance	(a)	\$48,999,203	\$45,153,764	\$20,208,814	\$21,405,765
Revenue	(b)	\$134,775,586	\$116,817,909	\$118,382,244	\$115,464,805
Expenditures, net*	(c)	<u>\$138,621,025</u>	<u>\$141,762,859</u>	<u>\$117,185,293</u>	<u>\$112,963,537</u>
Net Increase / (Decrease)	(b) - (c) = (d)	\$ (3,845,439)	\$ (24,944,950)	\$ 1,196,951	\$ 2,501,268
Ending Balance	(a) + (d) = (e)	\$45,153,764	\$20,208,814	\$21,405,765	\$23,907,033
Total Available Reserves	(f)	\$6,965,167	\$7,088,143	\$5,868,926	\$5,657,838
Total GF Expenditures	(c)	\$138,621,025	\$141,762,859	\$117,185,293	\$112,963,537
Reserve at First Interim	(f) / (c)	5.02%	5.00%	5.01%	5.01%
Reserve at Adopted Budget	June 2024	5.00%	3.00%	3.00%	3.00%
* - Expenditure net of other non-cash adjustment for GASB 96					

WHAT'S NOT IN THE BUDGET?

- Economic Downturn
- ADA recovery program
- CSEA Salary Increase:
The table on the right shows the impact of the CSEA 6.06% increase to the salary schedule and a one-time lump sump payment of 0.86% on the MYP

Combined General Fund				
Multi-Year Projections	Formula	Multi-Year Projections		
(amounts in dollars)	Reference	2024-25	2025-26	2026-27
Total Available Reserves Before Raise	A	\$ 7,088,143	\$ 5,868,926	\$ 5,657,838
Estimated Cost of CSEA Raise	B	\$ (1,696,485)	\$ (1,527,787)	\$ (1,542,718)
Net Available Reserves After Raise	A + B = C	\$ 5,391,658	\$ 4,341,139	\$ 4,115,120
Total GF Expenditures Before Raise	D	\$ 141,762,859	\$ 117,185,293	\$ 112,963,537
Estimated Cost of CSEA Raise	E	\$ 1,696,485	\$ 1,527,787	\$ 1,542,718
Adjusted GF Expenditures After Raise	D + E = F	\$ 143,459,344	\$ 118,713,080	\$ 114,506,255
Reserve before raise	A / D	5.00%	5.01%	5.01%
Reserve after raise	C / F	3.76%	3.66%	3.59%



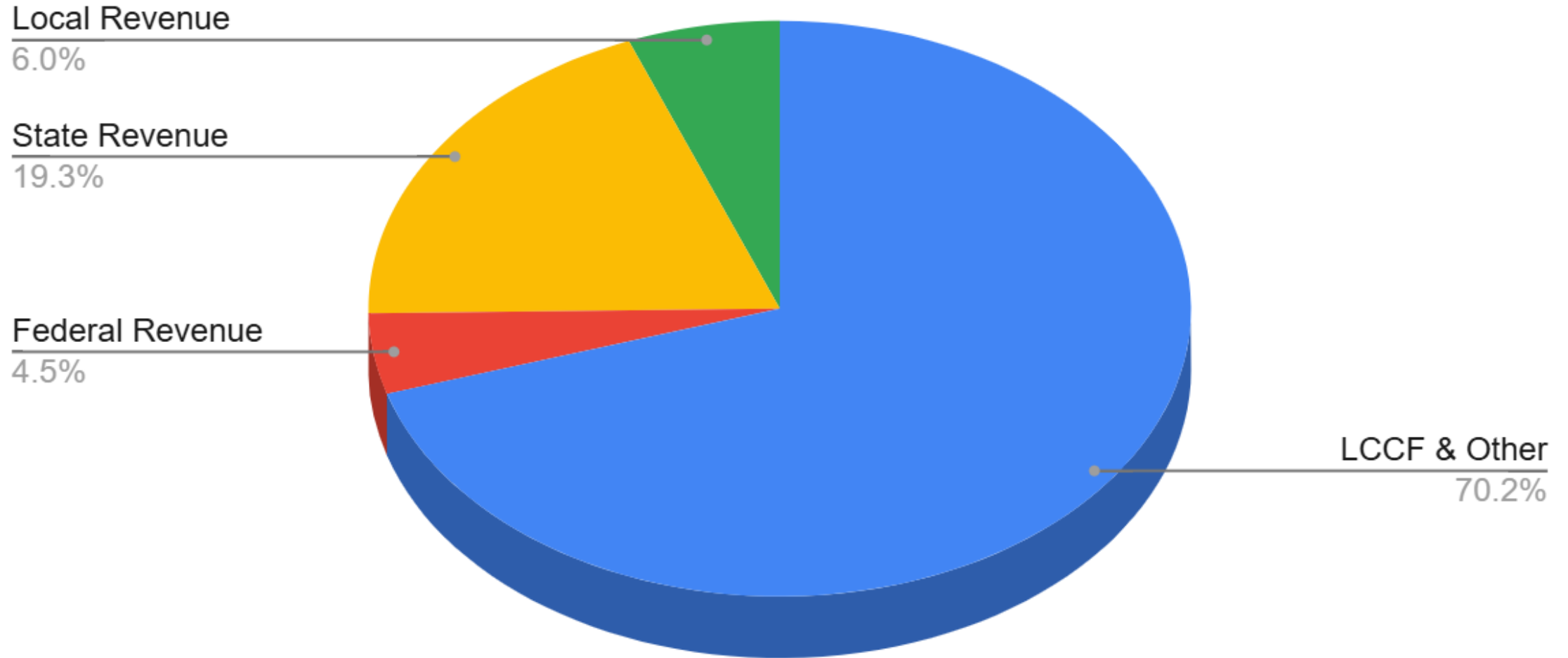
CHANGES SINCE ADOPTED BUDGET

Combined General Fund - Change from Adopted Budget

		<u>2024-25</u>	<u>2024-25</u>		
<i>(amounts in dollars)</i>	<u>Formula Reference</u>	<u>Adopted</u>	<u>First Interim</u>	<u>Incr/(Decr) Variance</u>	<u>Percent Change</u>
<i>Formula Reference</i>		<i>(A)</i>	<i>(B)</i>	<i>(B) - (A) = (C)</i>	<i>(C) / (A)</i>
Beginning Balance	<i>(a)</i>	\$45,153,764	\$45,153,764	\$0	0.00%
Revenue	<i>(b)</i>	\$113,028,456	\$116,817,909	\$3,789,453	3.35%
Expenditures	<i>(c)</i>	<u>\$140,381,394</u>	<u>\$141,762,859</u>	<u>\$1,381,465</u>	0.98%
Net Increase / (Decrease)	<i>(b) - (c) = (d)</i>	<u>\$ (27,352,938)</u>	<u>\$ (24,944,950)</u>	<u>\$ 2,407,988</u>	
Ending Balance	<i>(a) + (d) = (e)</i>	\$17,800,826	\$20,208,814	\$2,407,988	13.53%
Reserve Percentage		3.00%	5.00%	2.00%	

Total Revenue At Frist Interim By Category

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REVENUE BY MAJOR CATEGORY

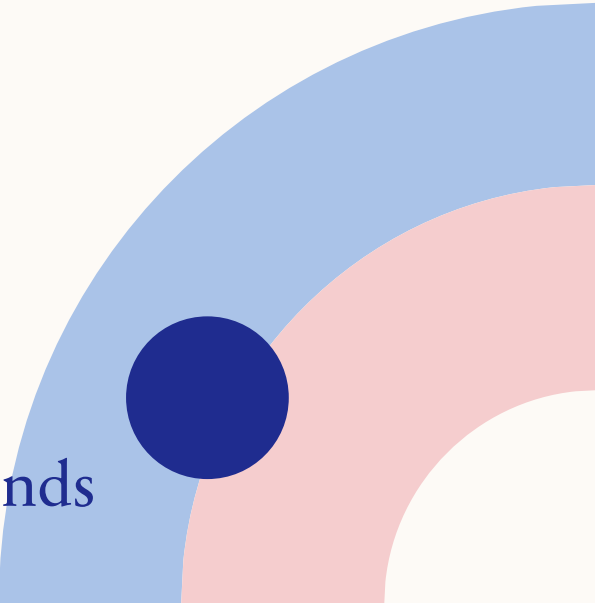
Revenue By Major Category		Adopted Budget	First Interim	Increase / (Decrease)	Percent Change
LCCF & Other		\$80,256,081	\$82,015,983	\$1,759,902	2.19%
Federal Revenue		\$4,976,592	\$5,293,430	\$316,838	6.37%
State Revenue		\$21,527,613	\$22,516,193	\$988,580	4.59%
Local Revenue		\$6,268,170	\$6,992,303	\$724,133	11.55%
Total Revenue		\$113,028,456	\$116,817,909	\$3,789,453	3.35%

WHY DID REVENUE CHANGE?

1. **LCFF & Other** – \$1.8M increase primarily due to an increase in Unduplicated pupil percentage from 75.76% to 79.58% (an increase of 618 eligible students)
2. **Federal Revenue** – \$317K increase primarily due to:
 - a. An increase of \$174.4K now that Sylvandale is eligible to use ESSA (Every Student Succeeds Act funds to improve student outcomes as required by the California State Plan.
 - b. An Increase of \$131.4K due to new Title III funds to provide supplementary services to eligible immigrant students to help them achieve grade standards. In addition, these Federal funds are provided to ensure that all English Learners attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging state academic standards as all other students.
 - c. Slight \$8K increase in Special Education funding estimates per SELPA
 - d. \$3.2K in other minor adjustments

WHY DID REVENUE CHANGE?

3. State Revenue – Increased by \$989K primarily due to:

- **\$600K** in additional Home-To-School Transportation reimbursement funds [Restricted]
 - **\$300K** in additional CCSPP funds (new award for Kennedy) [Restricted funds]
 - **\$273K** in additional Lottery funds due to increased funding rate [Approximately 39% Restricted]
 - **\$84K** in Child Development (Universal Prekindergarten) carryover [Restricted]
 - **\$2K** of other minor adjustments
 - **\$19K** reduction in Prop 28 funding estimate (due to lower enrollment) [Restricted]
 - **\$251K** reduction in Expanded Learning Opportunities Plan funds (lower enrollment) [Restricted]
- 

WHY DID REVENUE CHANGE?

4. Local Revenue – Increased by \$724K primarily due to:

- A mixture of new funds & carryover from donations of \$310.5K & fundraising events \$116.9K [Restricted]
- \$150K grant from SVEF / Applied Materials to support our after-school programs. [Restricted]
- New grants from San Jose Public Library of \$42K [Restricted]
- New Capacity Grant funding of \$77.2K, TUPE funds of \$14K & other grants totaling \$20.9K [Restricted]
- **\$7.5K** of other small reductions [Restricted]

Expenditures at First Interim by Category

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Capital Outlay & Other

1.1%

Services & Other

21.1%

Books & Supplies

3.7%

Benefits for All

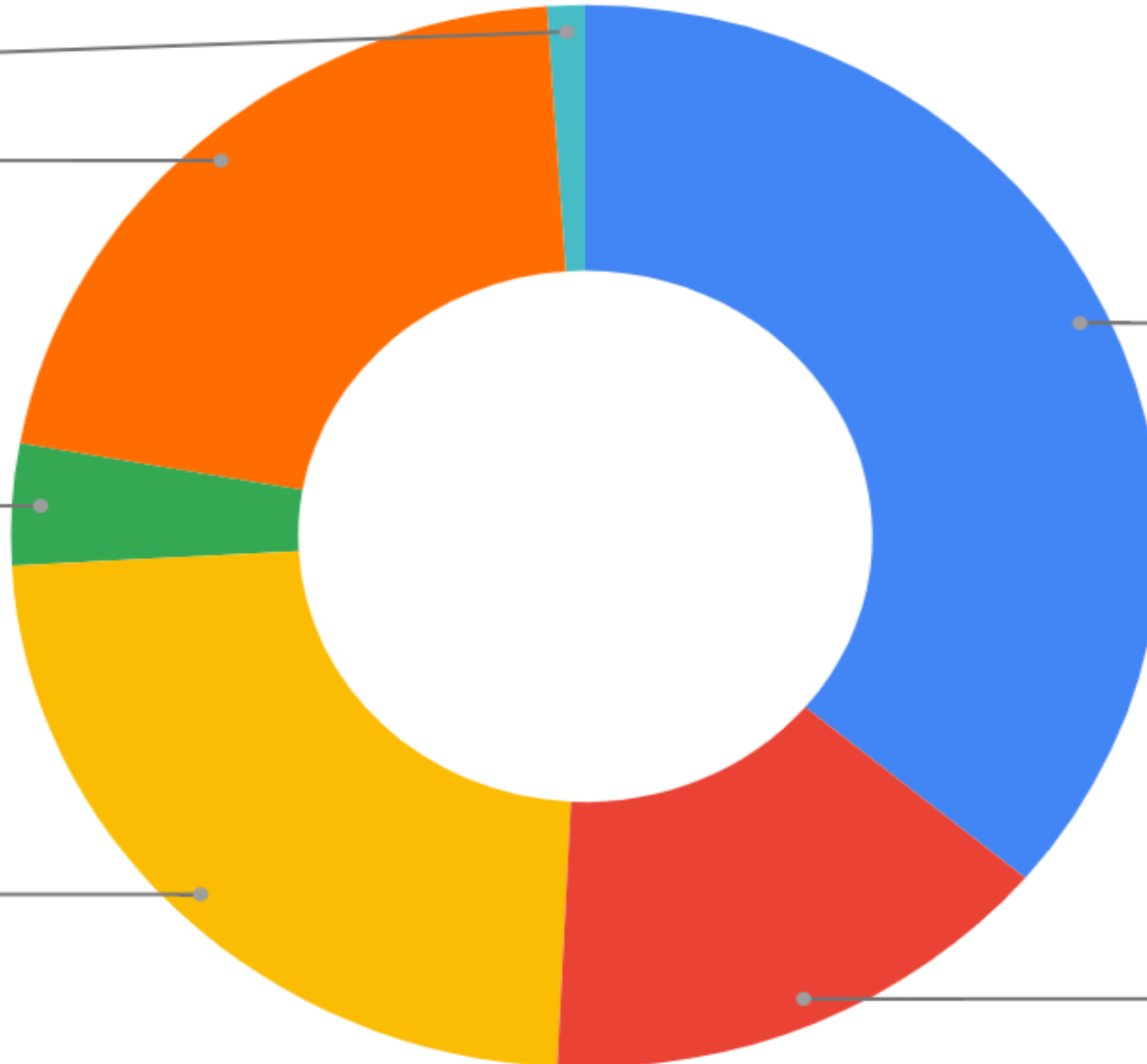
23.3%

Certificated Salaries

36.1%

Classified Salaries

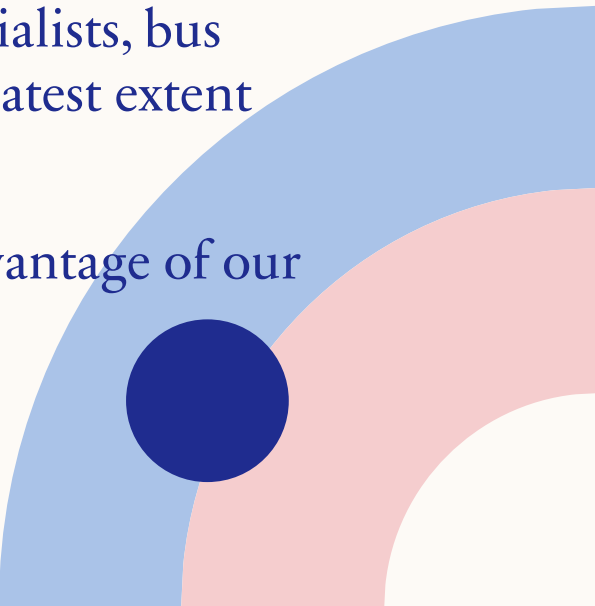
14.7%



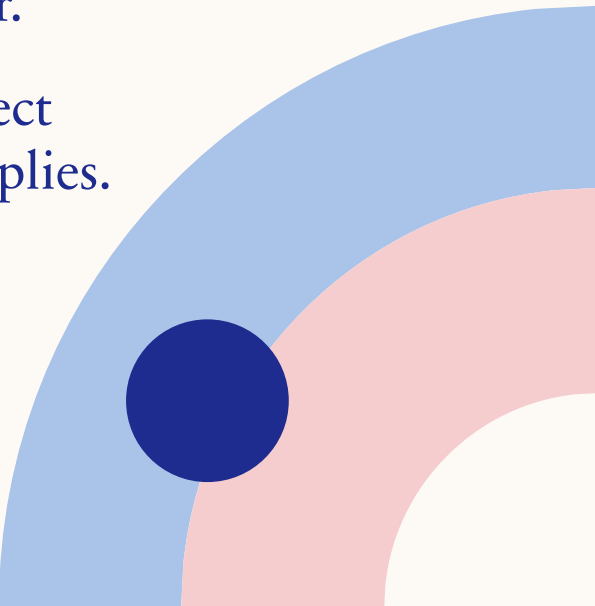
EXPENDITURES BY MAJOR CATEGORY

Expenditures By Category	Adopted Budget	First Interim	Increase / (Decrease)	Percent Change
Certificated Salaries	\$51,598,915	\$51,195,337	\$ (403,578)	(0.78%)
Classified Salaries	\$20,926,107	\$20,790,277	\$ (135,830)	(0.65%)
Benefits for All	\$33,670,530	\$33,089,232	\$ (581,298)	(1.73%)
Books & Supplies	\$4,553,711	\$5,227,048	\$ 673,337	14.79%
Services & Other	\$27,963,553	\$29,939,967	\$ 1,976,414	7.07%
Capital Outlay & Other	\$1,668,578	\$1,520,997	\$ (147,581)	(8.84%)
Total Expenditures	\$140,381,394	\$141,762,858	\$1,381,464	0.98%

WHY DID EXPENDITURES CHANGE?

- **Certificated Salaries** – Decreased by \$404K due to various certificated positions that have been unfilled for part of the year. This includes teaching positions that would have been paid with Prop 28 funds, teachers on special assignment (TOSAs), Social Workers, and some management positions. To the extent possible, work was completed by contractors, substitute teachers, and remaining staff members.
 - **Classified Salaries** – Decreased \$135K primarily due to various classified positions that have been vacant for part of the year. This includes instructional aides/para-educators, a maintenance worker position, custodians, a mechanic, Student Information Specialists, bus drivers, secretaries, Behavior Therapists and a District Liaison position. To the greatest extent possible, work was completed by contractors, current staff, and substitutes.
 - **Benefits for All** – Decreased \$581K primarily due to fewer employees taking advantage of our medical and dental benefits plans offered by FMSD and unfilled positions.
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WHY DID EXPENDITURES CHANGE?

- **Books & Supplies** – Increased by \$673K. Until more definitive plans are developed many of the new funds and carryover amounts were put in books and supplies as placeholders.
 - **Services & Other** – Increased by \$2.0M primarily due to accelerated spend-down plan so that all LREBG (Learning Recovery Emergency Block Grant) funds are exhausted by the end of this fiscal year and benefit this year's students and staff; hiring of contracts to complete the work of unfilled positions such as the Prop 28 teaching positions, new contracts to be paid with additional CCSPP funds from new award and carryover.
 - **Capital Outlay & Other** – Decreased by \$148K primarily due to increased indirect charges, and the movement of capital outlay expenditures for the kitchens to supplies.
- 

PROJECTED ENDING BALANCE (JUNE 30, 2025)

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Components of Ending Balances Projection As of June 30, 2025	<u>Unrestricted</u>	<u>Restricted</u>	<u>Combined</u>	<u>Percentage of Ending Balance</u>
<i>(Amounts in Dollars)</i>				
Prepaid Expenditures	\$ 713,010	\$ -	\$ 713,010	3.53%
Legally Restricted (1)	\$ -	\$ 4,175,409	\$ 4,175,409	20.66%
Committed (2)	\$ 8,232,253	\$ -	\$ 8,232,253	40.74%
Assigned (2% Board Reserve)	\$ 2,835,257	\$ -	\$ 2,835,257	14.03%
3% Economic Uncertainty	\$ 4,252,886	\$ -	\$ 4,252,886	21.04%
Unassigned Reserve		\$ -	\$ -	0.00%
Ending Balance	\$ 16,033,406	\$ 4,175,409	\$ 20,208,815	100.00%

(1) - Primarily ELO Program funds, Educatory Effectiveness and Lottery Funds

(2) - Committed for Curriculum Adoption, SERP payments, OPEB payments and projected deficit spending

BUCKETS OF ENDING FUND BALANCE

<u>Amount</u>	<u>Category</u>	<u>Description</u>
\$7.4	Committed	Mitigations measures - To offset future deficit spending; extend positions funded with expired one-time funds.
\$4.3	Required	3% reserve for economic uncertainty required by Ed Code
\$2.9	Restricted	Expanded Learning Opportunities Program – Only provides funding for afterschool, intersessional and summer school enrichment programs; Can't be used during the day; Focus on developing the academic, social, emotional, and physical needs and interests of pupils through hands-on, engaging learning experiences;
\$2.8	Assigned	Additional 2% reserve based on board resolution 2011-25

BUCKETS OF ENDING FUND BALANCE

<u>Amount</u>	<u>Category</u>	<u>Description</u>
\$0.7	Non-spendable	Prepaid Health Insurance Expenditures
\$0.6	Restricted	Educator Effectiveness Block Grant - funds are intended to support professional learning for teachers, administrators, classified staff, and paraprofessionals who work with pupils. Primary focus is SEL & ELD (Spend by June 2026)
\$0.5	Committed	S.E.R.P - 2 years of remaining payments
\$0.4	Restricted	Lottery: Instructional Materials – Shall only be used for the purchase of instructional materials.
\$0.4	Committed	O.P.E.B. - Remaining medical premium payments for retired administrators

BUCKETS OF ENDING FUND BALANCE

<u>Amount</u>	<u>Category</u>	<u>Description</u>
\$0.1	Restricted	Mental Health Related Services - funds are used to provide mental health-related services for pupils with or without an individualized education program as described in the California Education Code (EC) Section 56836.07.
\$0.1	Restricted	K.I.T. - funds that allow districts to continue expanding or modifying their kitchen equipment, infrastructure, and food service staff training. Routine Repairs and Maintenance - For purposes of ongoing and major maintenance.

NEXT STEPS

- ❖ **Action Item For Board Tonight** – Approval Interim, as presented
- ❖ Staff submits Interim to County for review – December 2024
- ❖ Governor's Budget Proposal – January 2025
- ❖ Finalize budget reductions – February 2025
- ❖ Assumptions for Adopted Budget finalized – May 2025
- ❖ Present Governor's May Revise to FMUSD Board – June 2025
- ❖ Present District Budget Proposal to FMUSD Board – June 2025
- ❖ Board Adopts Next Year's Budget – June 2025



***THANK
YOU!***

SUMMARY OF OTHER FUNDS

- The following pages outline other funds FMUSD has but are restricted for a particular purpose outlined in Ed Code and Government Code.
- FMUSD staff continue to monitor these funds and use them to help support the educational program, staff and students



Lairon College Preparatory Academy
Home of the Bulldogs



Welcome Max Brallier!

OTHER RESTRICTED FUNDS (IN MILLIONS)

Fund	Cafeteria	Building	Capital Facilities	Capital Outlay	Bond Interest & Redemption	Self Insurance
Beginning Balance	\$ 6.4	\$ 24.7	\$ 9.5	\$ 1.2	\$ 11.6	\$ 1.8
Revenue	\$ 8.1	\$ 23.5	\$ 0.5	\$ 0.3	\$ 17.0	\$ 1.4
Expenditures	\$ 6.9	\$ 44.7	\$ -	\$ 0.3	\$ 17.9	\$ 1.3
Change	\$ 1.2	\$ (21.2)	\$ 0.5	\$ 0.0	\$ (0.9)	\$ 0.1
Ending Balance	\$ 7.6	\$ 3.5	\$10.0	\$ 1.2	\$ 10.7	\$ 1.9

OTHER RESTRICTED FUNDS - PURPOSE

- **Cafeteria Fund** - This fund accounts for federal, state, and local resources to operate the food service program (Education Code sections 38090 and 38093). The Cafeteria Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code sections 38091 and 38100).
- **Building Fund** - This fund accounts for proceeds received and use of proceeds from the sale of bonds (Education Code Section 15146 and 16058) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

OTHER RESTRICTED FUNDS - PURPOSE

- **Capital Facilities Fund** - This fund accounts for moneys received from fees levied on development projects (“Developer Fees”) as a condition of approval (Education Code sections 17620–17626 and Government Code Section 65995 et seq.). Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006). Expenditures in Capital Facilities Fund are restricted to the purposes specified in Government Code sections 65970–65981 or Government Code Section 65995 et seq., or to the items specified in agreements with the developer (Government Code Section 66006). Costs of justifying and adopting developer fees may be paid from Fund 25 (Education Code Section 17620). Administrative costs of collecting fees may be reimbursed from Fund 25 (Education Code Section 17620).

OTHER RESTRICTED FUNDS - PURPOSE

- **Capital Outlay Fund** - This fund accounts for general fund moneys for capital outlay purposes (Education Code Section 42840). This fund may also account for any revenues specifically for capital projects that are not restricted to other funds. Other authorized resources that may be deposited to the Fund are rentals and leases of real property (Education Code Section 41003). Authorized transfers from the general fund to Fund 40 must be expended for capital outlay purposes. Proceeds from the sale or lease-with-option-to-purchase may be spent for capital outlay purposes, costs of maintenance of the LEA's property, and future maintenance and renovation of school sites (Education Code Section 17462). Salaries of employees working directly on projects financed by Fund 40 revenues are capitalized as a part of the capital facilities project.

OTHER RESTRICTED FUNDS - PURPOSE

- **Bond Interest and Redemption Fund** - This fund is used for the repayment of bonds issued (Education Code sections 15125–15262). Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA. The county auditor maintains control over the Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller. Expenditures in this fund are limited to bond interest, redemption, and related costs. Any money remaining in this fund after the payment of all bonds shall be transferred to the general fund upon order of the county auditor (Education Code Section 15234).

OTHER RESTRICTED FUNDS - PURPOSE

- **Self-Insurance Fund** - Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. We use this fund for the dental and vision self-insurance (Education Code Section 17566). Expenses in the Self-Insurance Fund (Fund 67) include the payment of claims, estimates of costs relating to incurred but not reported (IBNR) claims, administrative costs, deductible insurance amounts, cost of excess insurance, and other related costs. Amounts contributed to Fund 67, Self-Insurance Fund, are lawfully restricted for insurance purposes (Education Code Section 17566 and Government Code Section 53205).