BOARD COMMUNICATIONS
MAY 16, 2025

TO: Members of the Board of Education
FROM: Mao Misty Her, Superintendent

6. HUMAN RESOURCES - David Chavez, Chief Officer

7. INSTRUCTIONAL DIVISION - Carlos Castillo, Ed.D., Interim Chief Officer

8. OPERATIONAL SERVICES - Paul Idsvoog, Chief Officer

9. TECHNOLOGY SERVICES - Tami Lundberg, Chief Officer

Board Communications Approved by:
Mao Misty Her, Superintendent

Fresno Unified School District
Board Communication

From the Office of the Superintendent — Date: May 16, 2025
To the Members of the Board of Education
Prepared by: Mao Misty Her, Superintendent — Phone Number: 457-3884

Regarding: Superintendent Calendar Highlights

The purpose of this communication is to inform the Board of notable calendar items:

- Held teacher listening sessions at Baird Middle School, Bullard High School and Design Science Middle College High School
- Met with labor partners
- Held bi-monthly meeting with Fresno County Superintendent, Dr. Michele Copher
- Met with Executive Cabinet
- Attended the Superintendents Network Meeting hosted by Fresno County Superintendent of Schools Office
- Met with Fresno County District Attorney, Lisa Smittcamp and Fresno County Superintendent of Schools, Dr. Michele Copher
- Spoke at the National Board Certification Event
- Gave interview, with Dana Goldstein, New York Times, regarding effects from immigration enforcement activities and rumors on student attendance
- Held press conference regarding Summer Camps
- Guest on Fresnolandia Podcast

If you have any questions pertaining to the information in this communication, or require additional information, please contact Misty Her at (559) 457-3884

Cabinet Approval: MHer
Name and Title: Mao Misty Her, Superintendent

Fresno Unified School District
Board Communication

From the Office of the Superintendent | Date: May 16, 2025
To the Members of the Board of Education
Prepared by: Kim Kelstrom, Chief Executive | Phone Number: 457-3907

Regarding: School Services Weekly Update Reports for May 09, 2025

The purpose of this communication is to provide the Board a copy of School Services of California's (SSC) Weekly Updates. Each week SSC provides an update and commentary on different educational fiscal issues. In addition, they include different articles related to education issues. The SSC Weekly Updates for May 09, 2025, are attached and include the following articles:

- Trump Proposes Significant Education Reductions – May 02, 2025
- Updated "Big Three" Revenue Outlook – May 07, 2025
- The Fed held the line on interest rates. What does that mean for Californians? – May 07, 2025

If you have any questions pertaining to the information in this communication, or require additional information, please contact Kim Kelstrom at (559) 457-3907.

Cabinet Approval:

Name and Title: Patrick Jensen, Chief Financial Officer

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DATE: May 9, 2025

TO: Misty Her
Interim Superintendent

AT: Fresno Unified School District

FROM: Your SSC Governmental Relations Team

RE: ***SSC's Sacramento Weekly Update***

May Revision to Be Released Next Week

With policy committee deadlines passed, and the May Revision ahead, Sacramento was relatively quiet this week as the Capitol community awaits the release of the May Revision, which is statutorily required to be released by Wednesday, May 14, 2025.

In next week's Sacramento Update we will provide a preview of key education issues we will be looking for when Governor Gavin Newsom releases his revised State Budget proposal.

President Trump Proposes Significant Education Cuts in FY 2026 Budget Proposal

Late last week, President Donald Trump released his fiscal year (FY) 2026 budget proposal, which includes steep cuts to education. President Trump is proposing a 15.3% decrease to the U.S. Department of Education (ED), which would bring the ED's budget from its current $78.7 billion down to $66.7 billion.

While Trump proposes to keep Title I and the Individuals with Disabilities Act (IDEA) spending at its current levels, he is proposing a number of programs to be reorganized into grants aimed at letting states spend money how they see fit. The K-12 Simplified Funding Program consolidates 18 competitive and formula grant programs into a new $2 billion formula grant; however, the proposal does not provide a comprehensive list of those 18 programs. The Special Education Simplified Funding Program consolidates seven IDEA programs into a single grant. However, the specific IDEA programs targeted for consolidation have not been explicitly identified in the publicly available budget documents.

The most significant proposed reductions would hit programs meant to ensure equitable access to education for underserved students, including the following:

- All $70 million for Teacher Quality Partnerships grant, often used to diversify the teacher workforce
- All $7 million for Equity Assistance Centers, established as part of desegregation efforts
- All $890 million for English Language Acquisition
- A $49 million, or 35%, reduction for the Office for Civil Rights

One program that the education community thought might face proposed cuts, or complete elimination, from the Trump Administration is the Head Start program. However, Trump's proposed FY 2026 budget does not call for any changes to the $12.27 billion program, which is housed under the Health and Human Services budget.

While the President is proposing significant cuts to many education programs, he is proposing a $60 million increase for charter schools, raising the total allocation to $560 million.

According to ED Secretary Linda McMahon, the President's education budget request for FY 2026 "reflects funding levels for an agency that is responsibly winding down, shifting some responsibilities to the states, and thoughtfully preparing a plan to delegate other critical functions to more appropriate entities."

Next Steps

While President Trump is required to submit a budget proposal to Congress, federal appropriations are ultimately set by the House and Senate as they control the "power of the purse." Since both houses of Congress are currently in Republican hands, there may be a thought that Trump will be able to get his FY 2026 priorities approved with ease.

However, the Republican majority in the House is so slim that they can afford to lose only two votes before needing to reach across the aisle for Democratic support. Additionally, due to the filibuster rule in the Senate, which requires a 60-vote threshold to end debate and vote on legislation, Democrats hold a lot of power as the GOP needs at least seven Democrats to cross the aisle to vote on the 12 appropriations bills that comprise the federal budget.

The House and Senate Appropriations committees will hold hearings in the coming weeks to learn more about the President's proposal and then are to mark up their own bills to fund the federal government for the fiscal year that begins on October 1, 2025.

Leilani Aguinaldo

Trump Proposes Significant Education Reductions

By Michelle McKay Underwood
School Services of California Inc.'s *Fiscal Report*
May 2, 2025

Today, May 2, 2025, President Donald Trump released his proposed budget for fiscal year 2026, which includes significant reductions to education programs. The President calls for a 15.3% reduction in education funding compared to 2025 levels, which would reduce funding from $78.7 billion to $66.7 billion.

The following information is extracted directly from the letter sent from the Director of the Office of Management and Budget to the Chair of the Senate Committee on Appropriations, which provides an overview of the discretionary request.

Program Name	Change from 2025 Enacted	Brief Description of Program
Charter Schools	+$60 million	More local school options are needed, so the Budget invests $500 million, a $60 million increase, to expand the number of high-quality charter schools, which have a proven track record of improving students' academic achievement and giving parents more choice in the education of their children.
Preserve Title I and Streamline K-12 Programs	-$4.535 billion	The K-12 Simplified Funding Program consolidates 18 competitive and formula grant programs into a new $2 billion formula grant designed to reduce ED's influence on schools and students and reduce bureaucracy. At the same time, the Budget delivers on the President's promise by preserving full funding for Title I, the supplemental Federal financial assistance to school districts for children from low-income families
Special Education Simplified Funding Program	No change	The Special Education Simplified Funding Program consolidates seven Individuals with Disabilities Education Act (IDEA) programs to provide States and school districts greater flexibility to support students with special education needs, maintaining funding at the 2025 level. Parents of students with disabilities would remain empowered to direct these funds because the Federal IDEA law would remain in place; maintaining a base set of Federal funds means they can also be withdrawn from States and districts who flout parental rights.
English Language Acquisition	-$890 million	To end overreach from Washington and restore the rightful role of State oversight in education, the Budget proposes to eliminate the misnamed English Language Acquisition program which actually deemphasizes English primacy by funding NGOs [non-governmental organizations] and States to encourage bilingualism

Program Name	Change from 2025 Enacted	Brief Description of Program
Adult Education	-$729 million	K-12 outcomes will improve as education returns to the States, which would make remedial education for adults less necessary.
Migrant Education and Special Programs for Migrant Students	-$428 million	The Budget eliminates programs that work to the detriment of children's academic success by encouraging movement from, rather than stability and consistency in, a single location.
ED Program Administration	-$127 million	Program Administration funding is needed for: personnel compensation and benefits for staff retained; fixed and variable costs in non-personnel categories; and costs from deferred resignations, voluntary retirements, and reductions in force.
Teacher Quality Partnerships	-$70 million	Eliminating this program would allow States and districts to have more control of teacher preparation, recruitment, and retention based on their local context.

Other reductions related to education include the elimination of preschool development grants and a 35% reduction to the Office of Civil Rights. It is unclear from this document whether any changes are proposed to the National School Lunch Program within the U.S. Department of Agriculture.

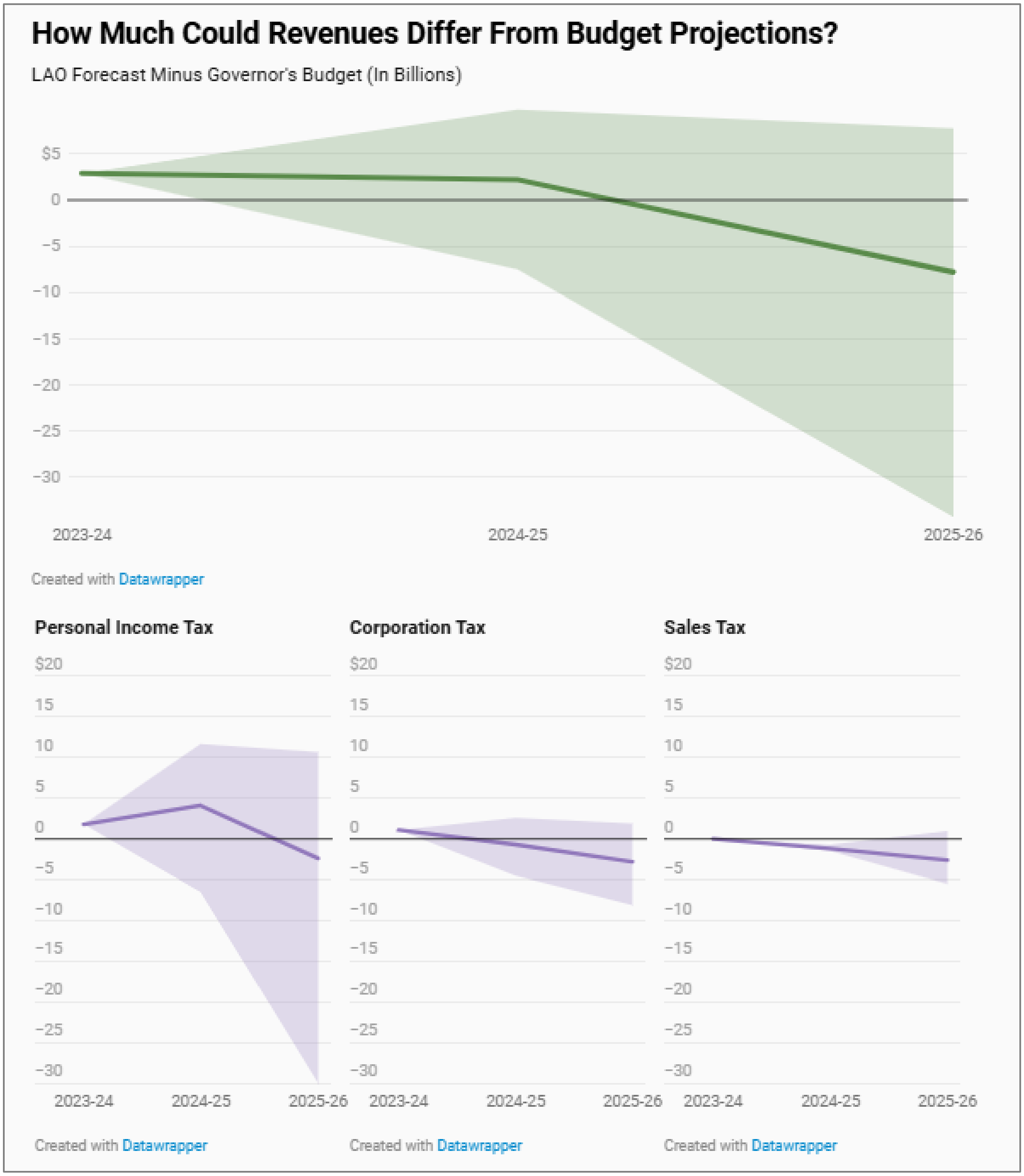
Like the California State Budget process, the President's proposal is one component of a monthslong conversation. The next federal fiscal year begins October 1, 2025.

Note: The Legislative Analyst's Office estimates the state income taxes will end the current fiscal year (2024-25) nearly 20% higher than two years ago, with state income tax collections being the primary driver of this growth.

Updated "Big Three" Revenue Outlook

By Brian Uhler, Chas Alamo, Seth Kerstein, Alex Bentz, Rowan Isaaks
Legislative Analyst's Office
May 7, 2025

Strong Growth This Year, Muted Expectations Moving Forward. Our updated forecast anticipates revenues from the state's three largest taxes (income, corporation, and sales) will post strong growth in the current fiscal year. Moving into the budget year, however, our revenue forecast is essentially flat, reflecting mounting risks and headwinds. Total collections across the budget window (2023-24 and 2025-26) roughly match the assumptions in the January Governor's Budget. The timing of those collections, however, is somewhat different, with more revenue attributed to the prior and current years and less revenue expected in the budget year.



Strong Income Tax Collections Have Driven Recent Revenue Growth. Our forecast has revenues ending the current year (2024-25) up almost 20 percent from two years ago, considerably above the average two-year growth rate of 13 percent. Surging income tax collections underlie this growth. In just the last twelve months, total income tax collections have grown over 15 percent. More real-time measures of income tax collections show that growth has downshifted somewhat but remains solid. April estimated payments, which reflect how much taxpayers expect to owe for 2025, were up more than 10 percent from last year. Similarly, April income tax withholding grew 5 percent from a year ago.

Path to Continued Growth Appears Narrow. Typically, income tax collections like we have seen recently would suggest a positive revenue outlook. Our current forecast, however, is dampened by several factors. Some of these factors, such as the state's stagnant economy and the stock market's questionable sustainability, are issues we have raised previously but about which we remain concerned. Other factors, such as potential impacts of expanded tariffs, are new developments that add strain to an already tenuous situation. Taken together, these issues suggest the path to future growth could be narrow.

California Economy Has Been Stagnant for Some Time. The state's economy has been in an extended slowdown for over two years. The labor market has struggled, marked by a growing number of unemployed workers and slowed hiring. The state has added no jobs so far in 2025. Similarly, consumer spending (measured by inflation-adjusted retail sales and taxable sales) has consistently declined. These conditions have weighed on sales tax collections in particular, which have moved sideways for multiple years. Should these conditions persist, they also could increasingly weigh down income and corporation tax collections.

Stock Market Propping Up Income Tax Collections. Income tax collections have surged over the last two years despite a weak labor market. Collections instead have been driven by the stock market, which, despite the recent volatility, is up almost 40 percent from two years ago. This is a precarious basis for revenue growth, however. As recent weeks have shown, stock markets gains can come and go quickly and unpredictably. And despite some declines, there are still reasons to be worried gains of the last two years may not be sustainable. Measures of how "expensive" stocks are remain at historically high levels. Additionally, investors have taken on increased amounts of debt to buy stocks. While these observations are far from conclusive, they point to a significant risk to the state's revenue outlook.

Federal Policy Turbulence Puts Fragile Economy at Risk. The risks posed by California's stagnant economy and a potentially overheated stock market have been magnified by recent federal policy actions. Over the last few months, the Trump administration has taken numerous actions to expand and modify tariffs charged on imports from other countries. These tariffs will create new costs for consumers and businesses and likely place some drag on the economy. The extent of these impacts, however, is uncertain. To inform our forecast, we looked to some imperfect signals of potential impacts:

- ***Declining Consumer Sentiment.*** Escalating tariffs appear to have created significant unease among consumers, who report being worried about potential impacts on prices. Since the beginning of the year, a commonly-cited measure of consumer sentiment has dropped 30 percent, to historic lows. Similar drops in sentiment have occurred nine times in the last three decades. These drops have not universally signaled a coming downturn. On average, however, the state's labor market and revenues have been weaker than normal following such episodes.

- ***Downgraded Expectations Among Economic Forecasters.*** Confidence in the economy also appears to have soured among economic forecasters. According to a long-standing survey of forecasters (Blue Chip Economic Indicators), expectations for gross domestic product growth over the next few quarters are among the lowest in the survey's history. Survey readings have only been this low three times. Two of these episodes aligned with recessions. The third was in 2023, when economists consistently anticipated a near-term slowdown in the U.S. economy that did not materialize.

Note: The Federal Reserve left its key rates unchanged Wednesday, May 7, 2025, amid all the uncertainty over the path of the American economy, meaning its target rate will remain between 4.25% and 4.50%.

The Fed held the line on interest rates. What does that mean for Californians?

By David Lightman
The Sacramento Bee
May 7, 2025

Californians shouldn't expect much change anytime soon in interest rates for homes or cars.

The Federal Reserve left its key rates unchanged Wednesday amid all the uncertainty over the path of the American economy. Its target rate will remain between 4.25% and 4.5%. It's the rate banks assess to lend money to each other overnight and has a major influence on consumer interest.

Fed Chairman Jerome Powell emphasized the economy is in a period of uncertainty, so it's difficult to predict what the Fed could do in the future on interest rates.

"The new administration is in the process of implementing substantial policy changes in four distinct areas: trade, immigration, fiscal policy and regulation," he told a news conference.

"The tariff increases announced so far have been significantly larger than anticipated. All of these policies are still evolving, however, and their effects on the economy remain highly uncertain," Powell said.

For Californians, that means more waiting to see if rates fall.

"There's just so much uncertainty in the economy now," said Matt Schulz, chief consumer finance analyst for LendingTree, which tracks interest rates.

Mortgage interest rates are down somewhat from January and even April levels. Freddie Mac, which also tracks interest rates, found the average rate on a 30-year loan last week was 6.76%.

Schulz predicted, "Rates are likely to stay in or around that range in the near future."

The uncertainties have several roots. The most prominent is the rate of inflation. The Fed has been aiming for years to get the cost of living down to a 2% annual rate of increase.

It's close. The personal consumption expenditures price index, the Fed's preferred measure of inflation, was up at a 2.3% pace ending in March.

Wary of tariffs and uncertainty

But the tariffs imposed and proposed by President Donald Trump in recent weeks have the potential to drive prices up, many economists believe.

"The newly introduced tariffs are widely expected to raise the costs of imported goods, thereby fueling inflation at a time when growth is weakening," said Sung Won Sohn, president of Los Angeles-based SS Economics.

Inflationary pressure, he said, "could erode real incomes and suppress consumer purchasing power."

The economy contracted slightly in the first quarter of this year. Most of the activity came before the Trump tariffs took effect.

Should the economy slow further, the Fed could be inclined to lower interest rates — but doing so carries the risk of stoking inflation as more people buy goods and services, thus giving sellers incentives to raise prices.

Powell would not predict the future path of interest rates.

"If the large increases in tariffs that have been announced are sustained, they are likely to generate a rise in inflation, a slowdown in economic growth, and an increase in unemployment," he said.

But he also stressed that's very hard to predict. "The effects on inflation could be short-lived — reflecting a one-time shift in the price level. It is also possible that the inflationary effects could instead be more persistent," Powell said.

What does it all mean?

For the California consumer, particularly prospective home buyers, all this means patience.

"With rates expected to remain volatile, pending sales may stay soft as the spring homebuying season begins," said a statement from the California Association of Realtors.

The UCLA Anderson Forecast was similarly cautious. In its March report, it explained why future Fed actions will be crucial to the state's housing market.

"The Federal Reserve is much less likely to lower the federal funds rate with the trend in consumer inflation moving away from their 2% target," the report said. "This will increase the cost of funds for construction loans, and therefore the cost of new construction."

The immediate future of other loan rates also remains uncertain.

Credit card interest rates could go up slightly in the next few months, Schulz said.

"Banks are nervous about all of the uncertainty in the economy and what it means for consumers. When that happens, banks try to minimize risk as much as possible, and one of the ways they do that is to raise interest rates on credit cards," he explained.

Schulz predicted no major increase, but added, "I do expect a slight upward trend in the near future, barring an earlier-than-expected rate cut from the Fed."

He did see auto loan rates, which have been going up this year, as continuing to rise.

"The last thing car shoppers need is higher rates, but that may be what's ahead, unless the Fed acts," Schulz said.