



Franklin-McKinley
School District

PREPARING ALL CHILDREN AS GLOBAL LEARNERS

Budget Advisory Committee

2025-26 Budget Proposal

June 5, 2025

Presented by

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Topics Covered

Budget Cycle

MYP Assumptions

Multi-Year Projection

What is not in the Budget

Budget Overview For Parents

Upcoming Action Items



Tough Decisions Need to Be Made! Fiscal Solvency at RISK!!

- Spec. Educ. Expenses Have Doubled The Contribution Since June 30, 2022
 - From \$13.5M to \$27M
- Declining Enrollment Continues
 - 24-25 @ 5,704;
 - 27-28 @ 5,233;
 - Another 8% decline
- No More COVID Funds
- Economic Uncertainty From Federal, State and Local levels



THIS IS NOT SUSTAINABLE!

We **NEED** to make more very **DIFFICULT CHOICES** by **March 15, 2026....!**

We need **\$11.0M** in Ongoing Cuts

Possible Reduction Options

- More School Closures
- Program reductions
- Reduces Work Calendar
- Small Budgets for Sites and Departments
- Less Health Benefits to Reduce Premiums
- Re-imagine Special Ed Program
- Eliminate all positions paid with one-time funds
- New Grants
- Lease Revenue from closed school sites.
- Look for utility savings
- Equal salary reduction percentage for all
- Reduce work hours
- Eliminate all optional Professional Development
- No out-of-state travel
- Pause all stipends
- Increase Facility Rental Rates
- Reduce staffing
 - (FMEA, CSEA, and Management)

Budget Cycle

- Where we are in the cycle.
- State Budget not yet approved.
- Assumptions will change.

Governor's
Proposal
(Jan.)

**May Revise &
District Budget
Adoption**
(May / June)

State
Adopts
Their
Budget
(June)

45-Day
Budget
Revision
(Aug.)

Close
District's
Books
(Sept.)

Audited
Financials
(Dec.)



Risks to the Economy and the State Budget

Stock market volatility in response to federal policy changes can impact projected state revenue

California's unemployment rate is projected to increase in the budget year

California's GDP is projected to decrease in a similar pattern to U.S. GDP in the budget year



Anticipated cuts to key federal programs will increase pressure to backfill losses in federal funding with state dollars
California has several lawsuits pending against the federal government, the outcome of which could affect the California economy

The “Big Three” revenues are projected to be lower by \$4.8 billion over the three-year budget window when compared to January

MYP Assumptions

MYP Assumptions

LCFF PLANNING FACTORS

Factor	2024-25 ¹	2025-26 ²	2026-27	2027-28	2028-29
Department of Finance Statutory COLA	1.07%	2.43%	3.52%	3.63%	3.49%

LCFF GRADE SPAN FACTORS FOR 2025-26

Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2024-25 Base Grants	\$10,025	\$10,177	\$10,478	\$12,144
Statutory COLA of 2.43%	\$244	\$247	\$255	\$295
2025-26 Base Grants	\$10,269	\$10,424	\$10,733	\$12,439
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$1,068	—	—	\$323
2025-26 Adjusted Base Grants ³	\$11,337	\$10,424	\$10,733	\$12,762

OTHER PLANNING FACTORS

Factors		2024-25	2025-26	2026-27	2027-28	2028-29
California CPI		2.85%	2.92%	2.70%	2.76%	2.90%
California Lottery	Unrestricted per ADA	\$191	\$191	\$191	\$191	\$191
	Restricted per ADA	\$82	\$82	\$82	\$82	\$82
Mandate Block Grant (District)	Grades K-8 per ADA	\$38.21	\$39.14	\$40.52	\$41.99	\$43.46
	Grades 9-12 per ADA	\$73.62	\$75.41	\$78.06	\$80.89	\$83.71
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$20.06	\$20.55	\$21.27	\$22.04	\$22.81
	Grades 9-12 per ADA	\$55.76	\$57.11	\$59.12	\$61.27	\$63.41
Interest Rate for Ten-Year Treasuries		4.39%	4.49%	4.41%	4.30%	4.30%
CalSTRS Employer Rate ⁵		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		27.05%	27.40%	27.50%	28.50%	28.20%
Unemployment Insurance Rate ⁶		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁷		\$16.50	\$16.90	\$17.40	\$17.80	\$18.30

➤ Dashboard Used For:

- LCFF Funding rates
- Lottery funding rates
- Mandated Block Grant
- CalSTRS & CalPERS
- Unemployment Insurance
- Impact of Inflation

➤ Also Use:

- AB 218 Invoice = \$541K
- Salary Schedules
- Staffing Projections
- Enrollment Projections
- Position Control
- County Guidance
- Grant Award Letters
- Governor's May Revise
- Expiration of One-Time \$s
- Known Donations
- Negotiated Agreements
- MOUs

NOT IN ASSUMPTIONS

Caveats

- Numbers will change.
 - Any addition of unbudgeted expenditures (without offsetting funding or savings) will require additional cuts
-
- Excluded possible New Discretionary Block Grant [Estimated at \$1.6M]
 - Excluded possible Learning Recovery Emergency Block Grant [Approx. \$500K/year for 3 years]
 - Excluded possible increase in TK funding for 10:1 ratio (students to staff) [Approx. \$442K/year]
 - Excluded any additional revenue generated from a more robust Attendance Recovery Program
 - Excluded possible increase in Property & Liability insurance premiums [20% increase Per FCMAT = \$171K]
 - Excluded possible increase in Medical & Dental premiums [We will need to look for cheaper plans]
 - Excluded possible Federal funding reduction to Districts; FMSD receives \$5.3M annually (Plan B?)
 - Excluded any placeholders for ongoing expenditure cuts, as they may need to be bargained, and require board-approval

MYP



Multi-Year Projections For FMSD

Summary of MYP for Proposed Budget (in Thousands)	Estimated			
	<u>Actuals</u>	<u>Multi-Year Projections</u>		
	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>
Revenue	\$117,877.2	\$117,964.8	\$113,644.0	\$110,942.7
Expense	\$140,008.0	\$126,154.0	\$124,803.7	\$124,540.0
Change	(\$22,130.8)	(\$8,189.2)	(\$11,159.7)	(\$13,597.3)
Beginning Fund Balance	\$45,153.8	\$23,023.0	\$14,833.8	\$3,674.1
Ending Fund Balance - June 30	\$23,023.0	\$14,833.8	\$3,674.1	(\$9,923.2)
Total Expense (B)	\$140,008.0	\$126,154.0	\$124,803.7	\$124,540.0
Unrestricted & Assigned Balance (A)	\$12,032.1	\$5,631.2	(\$4,912.4)	(\$18,452.9)
Reserve % = (A) / (B)	8.6%	4.5%	-3.9%	-14.8%

Multi-Year Revenue Projections By Component for FMSD

Summary of MYP for Proposed Budget	Estimated			
(in Thousands)	<u>Actuals</u>	<u>Multi-Year Projections</u>		
	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>
LCFF Sources	\$ 82,040.0	\$ 81,514.5	\$ 82,095.7	\$ 80,008.1
Federal Sources	\$ 5,155.6	\$ 4,564.4	\$ 4,336.1	\$ 4,119.3
Other State Revenue	\$ 22,364.7	\$ 22,106.7	\$ 21,207.5	\$ 20,808.2
Other Local Revenue	\$ 8,316.9	\$ 9,779.2	\$ 6,004.7	\$ 6,007.1
Other adjustments	\$ -	\$ 0.0	\$ -	\$ (0.0)
Revenue Components	\$ 117,877.2	\$ 117,964.8	\$ 113,644.0	\$ 110,942.7

Multi-Year Expenditure Projections By Component for FMSD

Expenditure Components				
Certificated Salaries	\$ 49,204.1	\$ 44,414.3	\$ 44,246.6	\$ 44,207.7
Classified Salaries	\$ 21,483.2	\$ 19,356.4	\$ 18,931.4	\$ 19,120.7
Employee Benefits	\$ 33,298.2	\$ 31,074.6	\$ 30,598.7	\$ 30,553.4
Books and Supplies	\$ 5,581.3	\$ 3,249.4	\$ 3,403.6	\$ 3,274.4
Services & Other	\$ 28,703.3	\$ 27,073.4	\$ 26,761.7	\$ 26,487.7
Capital Outlay (CNS KIT Funds/Vehicles)	\$ 1,011.1	\$ 151.0	\$ 10.3	\$ 10.6
Other Outgo & Indirect	\$ 726.8	\$ 834.9	\$ 851.4	\$ 885.5
Total Expenditures (A)	\$ 140,008.0	\$ 126,154.0	\$ 124,803.7	\$ 124,540.0
Net Increase / (Decrease) in Fund Balance	\$ (22,130.8)	\$ (8,189.2)	\$ (11,159.7)	\$ (13,597.3)
Beginning Fund Balance	\$ 45,153.8	\$ 23,023.0	\$ 14,833.8	\$ 3,674.1
Ending Fund Balance	\$ 23,023.0	\$ 14,833.8	\$ 3,674.1	\$ (9,923.2)

Components of Ending Fund Balance

	June 30, 2026	June 30, 2026	June 30, 2026	
Components of Ending Balance	<u>Unrestricted</u>	<u>Restricted</u>	<u>Combined</u>	<u>Percentage Of Ending Balance</u>
<i>(Amounts in thousands)</i>				
Non-spendable	713.0	-	713.0	4.81%
Legally Restricted	-	6,087.9	6,087.9	41.05%
Assigned (2% Board Reserve)	1,850.7	-	1,850.7	12.48%
3% Economic Uncertainty	3,784.6	-	3,784.6	25.51%
Committed (1)	2,397.5	-	2,397.5	16.16%
Unassigned Reserve	-	-	-	0.00%
Ending Balance	<u>8,745.8</u>	<u>6,087.9</u>	<u>14,833.7</u>	<u>100.00%</u>

(1) To make the next two years of SERP payments; Mitigation measures are fully exhausted.



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Ed Code Requirement	\$3.8M	3% reserve for economic uncertainty required by Ed Code
Non-Spendable	\$0.7M	Prepaid Health Insurance Expenditures
Committed	\$2.4M	Supplemental Employment Retirement Plan (SERP) Payments to be made
Assigned	\$1.8M	Additional 2% reserve based on board resolution 2011-25
Committed	\$0.0M	Mitigations measures [Fully Exhausted] – Was to offset future deficit spending; extend positions funded with expired one-time funds.



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Restricted	\$3.9M	Expanded Learning Opportunities Program – Ongoing funding that 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;
Restricted	\$0.3M	Routine Repairs and Maintenance - For the purposes of ongoing and major maintenance. Per EC Section 17070.75(b)(2)(C), for FY's 2017-18 to 2019-20, LEAs are required to deposit three percent of the total general fund expenditures for that fiscal year.
Restricted	\$0.1M	Other Restricted Local Grants are restricted based on funding source. Include funds received from the State for the CA Community Schools Partnership Program Grant. supports schools' efforts to partner with community agencies and local government to align community resources to improve student outcomes. These partnerships provide an integrated focus on academics, health and social services, youth and community development, and community engagement.



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Restricted	\$0.2M	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. Funds cover the compensation of 3 teachers (Spend by June 2026)
Restricted	\$0.6M	Lottery: Instructional Materials – Shall only be used for the purchase of instructional materials.
Restricted	\$0.4M	Prop 28 (Arts and Music In Schools) - Ongoing program supporting arts instruction in schools beginning in 2023–24. Funds will be used to either hire teachers and/or contractors to support the expansion of the Arts and Music program within FMUSD.



Buckets of the Projected Ending Balance

<u>Category</u>	<u>Amount</u>	<u>Description</u>
Restricted	\$0.3M	Special Ed / 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. These funds are allocated to the Special Education Program.
Restricted	\$0.4M	California Community Schools Partnership Program supports schools' efforts to partner with community agencies & local government to align resources to improve student outcomes. These partnerships provide an integrated focus on academics, health and social services, youth and community development, and community engagement. These funds can not supplant LCFF funds to pay for base ongoing operating expenditures.

Upcoming Actions

Next Budget Milestones & Board Actions

- **Mid June** – Legislature sends budget to the Governor; Governor approves and start line items vetoes
- **June 24** – District adopts proposed budget;
 - Including Committed Resolution & Reduction Plan
- **Early July** – Decipher State's budget & trailer bill language
- **August** – 45-day budget revision presented to Board
- **September/October** – County reviews FMSD's budget
- **Fall/Winter** – More discussion on budget cuts

Thank you!



Thank you



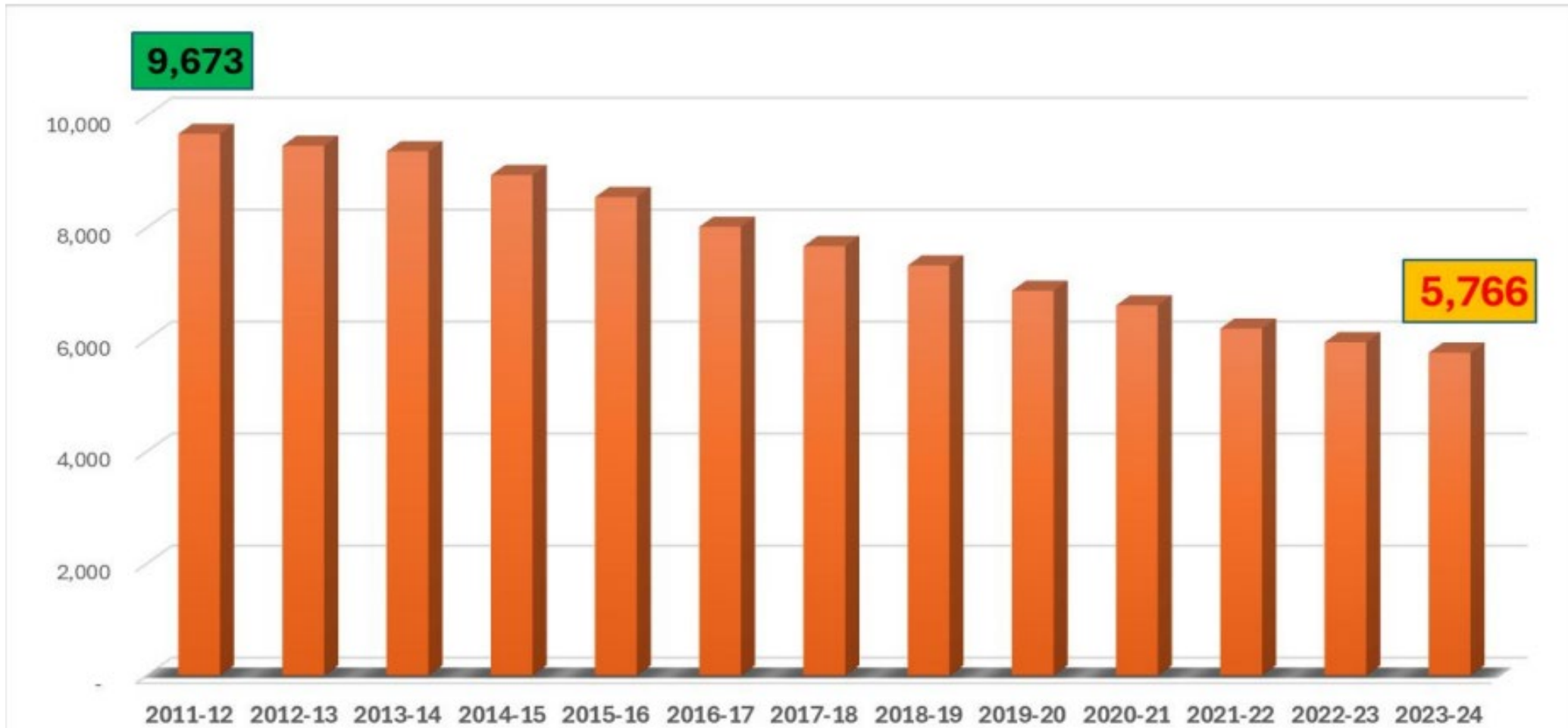
Appendix



Enrollment Trends



FMSD Enrollment Decline was **-40.34%** [From 2011-12 to 2023-24]

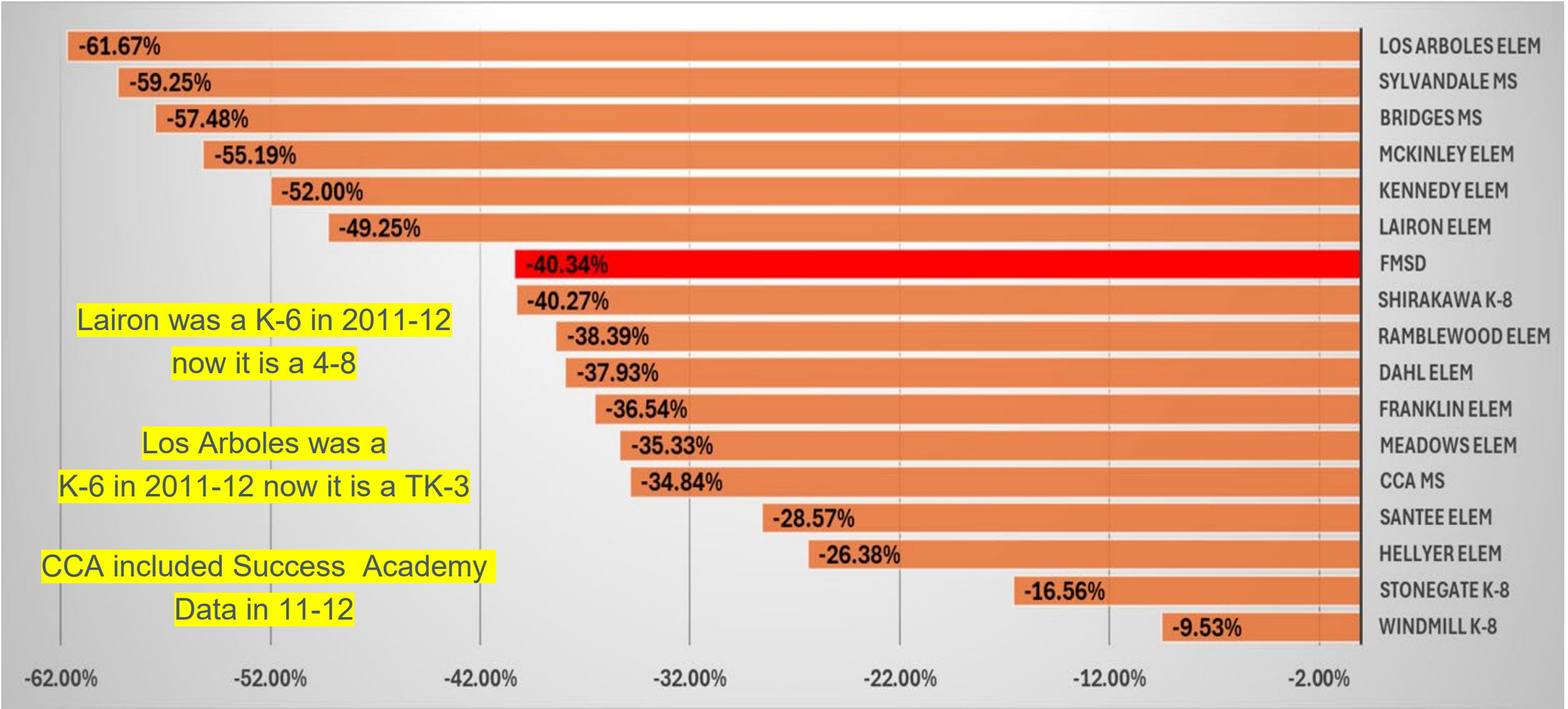


Source: Dataquest / CALPADS

From School Consolidation Committee Presentation on October 17, 2024

Last Enrollment Projection
(March 2022)

Enrollment Change By School Site [From 11-12 to 23-24]



Source: CALPADS / Dataquest

PowerSchool Proj. - **17.3%** Decline from 23-24 to 33-34

