



BOARD COMMUNICATIONS - JUNE 05, 2026

TO: Members of the Board of Education

FROM: Mao Misty Her, Superintendent

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Board Communications Approved by:
Mao Misty Her, Superintendent



Fresno Unified School District
Board Communication

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Mao Misty Her, Superintendent

Date: June 05, 2026

Phone Number: (559) 457-3884

Regarding: Superintendent Calendar Highlights

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

- Met with Cabinet Team
- Participated in the Central Valley Community Foundation Government Committee Meeting
- Participated in the Central Valley Community Foundation Program Review Committee
- Attended the 2026 Fresno Unified School District Retirees Recognition Event
- Gave keynote at Eaton Elementary School Career Day Event
- Attended the CORE Board Retreat

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:



Name and Title: Mao Misty Her, Superintendent

Fresno Unified School District
Board Communication

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Kim Kelstrom, Chief Executive

Date: June 05, 2026

Phone Number: (559) 457-3907

Regarding: School Services Weekly Update Reports for May 29, 2026

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 29, 2026, are attached and include the following articles:

- 2026 SUN Bucks Eligibility – May 22, 2026
- Why Newsom's Push to Change When Kids Are Screened for Reading Difficulties Has Divided Experts – May 27, 2026
- How do California Primary Elections Work? Here's What You Need to Know – May 24, 2026

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 29, 2026

TO: Misty Her
Superintendent

AT: Fresno Unified School District

FROM: Your SSC Governmental Relations Team

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

Senate Sub 1 Acts on Education Budget Items

On Thursday, May 28, 2026, the Senate Subcommittee No. 1 on Education, chaired by Sasha Renée Pérez (D-Pasadena), adopted the Senate's [education budget plan](#) for TK-12 and higher education. The Subcommittee approved all items on the vote-only calendar, including the Senate's Proposition 98 framework, Local Control Funding Formula (LCFF) augmentation, special education increases, preschool proposals, and paid pregnancy disability leave proposal.

We provide an update on some of the key items they approved at the hearing on Thursday.

Proposition 98 Funding

The Senate Subcommittee approved a Proposition 98 framework that rejects the Governor's proposal to under appropriate the minimum guarantee and create an additional \$3.9 billion settle-up obligation for 2025-26. The Senate plan fully funds the Proposition 98 guarantee over the three-year budget window and eliminates the proposed additional settle-up obligation.

Under the Senate framework, Proposition 98 would be fully funded at:

- \$124.9 billion in 2024-25 (Governor's proposal: \$124.9 billion)
- \$127 billion in 2025-26 (Governor's proposal: \$125.1 billion)
- \$127.9 billion in 2026-27 (Governor's proposal: \$127.1 billion)

Public School System Stabilization Account

The Senate Subcommittee approved revisions to the Public School System Stabilization Account, also known as the Proposition 98 Rainy Day Fund.

Under the Governor's May Revision, the budget included \$8.7 billion in mandatory deposits across the three-year budget window, a \$1.6 billion discretionary deposit, and a projected reserve balance of \$10.3 billion at the end of 2026-27.

The Senate plan increases the mandatory deposit amount to \$9.5 billion across the three-year budget window and increases the discretionary deposit to \$2 billion. As a result, the Senate plan would leave a projected \$11.5 billion balance in the Proposition 98 reserve at the end of 2026-27.

Preschool and Proposition 98 Rebenching

The Senate Subcommittee also approved a major structural proposal to move non-local educational agency (LEA) California State Preschool Program providers into Proposition 98 and permanently rebench the guarantee upward to account for those ongoing costs.

Currently, non-LEA preschool providers are funded outside Proposition 98 using General Fund dollars. Under the Senate proposal, those programs would instead become part of the constitutional education funding guarantee.

Concerns were raised during the hearing regarding the long-term implications of bringing additional programs under Proposition 98. Interest holders, including the California Teachers Association, noted that while the rebenching adjustment is intended to avoid an immediate reduction to TK-14 funding, Proposition 98 growth is tied largely to average daily attendance and statewide economic factors and thus will not grow to accommodate new preschool enrollment.

LCFF COLA and Augmentation

The Subcommittee approved the Governor's proposed statutory 2.87% cost-of-living adjustment (COLA) together with the additional LCFF augmentation COLA of 1.44%, resulting in a total 4.31% LCFF adjustment statewide.

Paid Pregnancy Disability Leave

The Subcommittee also approved the Governor's proposal requiring TK-12 and community college employers to provide up to 14 weeks of paid pregnancy disability leave beginning in 2026-27.

While the proposal advanced, concerns were raised regarding whether the ongoing LCFF augmentation will fully offset local implementation costs and whether some educational entities could face ongoing unfunded mandate pressures.

Senator Rosilicie Ochoa Bogh (R-Yucaipa) specifically cited concerns regarding the uncertainty of the proposal's long-term cost structure and whether all entities would receive sufficient offsetting funding.

Special Education

The Senate Subcommittee approved approximately \$2.4 billion ongoing for special education, representing one of the largest ongoing special education augmentations in recent years. The proposal significantly increases the statewide AB 602 base rate and is intended to help address rising special education service costs facing LEAs and Special Education Local Plan Areas statewide.

Discretionary Education Block Grant

The Senate Subcommittee approved \$6.5 billion one-time for the Student Support and Professional Development Discretionary Block Grant, which is \$1.5 billion more than what the Governor proposed in his May Revision. While the Senate Subcommittee-approved block grant appears to be discretionary, it did adopt placeholder trailer bill language, including deferred maintenance as a priority.

Next Steps

Thursday's actions establish the Senate's official education budget position, but significant negotiations remain ahead before adoption of a final State Budget.

At this stage, the Assembly has not yet released its full education budget plan, and the two houses must still reconcile differences between their respective proposals prior to the June 15 constitutional budget deadline.

Following adoption of a joint legislative budget package, the Legislature will then enter final negotiations with the Newsom Administration to reach agreement on a final 2026-27 State Budget package. As a result, many major education proposals, including Proposition 98 funding levels, preschool rebenching, discretionary block grant funding, special education investments, and paid pregnancy disability leave, remain subject to further negotiation and potential revision in the coming weeks.

Leilani Aguinaldo

2026 SUN Bucks Eligibility

By Matt Phillips, CPA, and Leilani Aguinaldo
School Services of California's *Fiscal Report*
May 22, 2026

Summer break is mere weeks away for many of the state's 5.7 million students and for some this means a well-deserved break from the rigors of school, but for many others, this is the beginning of a period where the guarantee of a daily breakfast and/or lunch is far from guaranteed. For those students and families, the state has launched the annual SUN Bucks program, which provides eligible families with \$120 per child in food benefits.

Local educational agencies (LEAs), beginning last summer, are required to annually determine student eligibility for SUN Bucks—other than those students who are streamlined certified—through either the collection of an annual National School Lunch Program (NSLP) application or the Universal Benefits Application (UBA), as applicable. [Education Code Section 49506.5](#) codifies this requirement and groups schools in two categories:

- Schools Participating in Community Eligibility Provision (CEP) or Provision 2—Collection of the UBA in years which determination of eligibility for free or reduced-price meals is not already required
- Other Schools—Collection of the NSLP application

As LEAs are collecting this information for the upcoming summer, there are some overlapping implications around the timing of the collection of the applicable forms. If the form is collected before July 1, 2026, the form can be used to support eligibility for 2026 SUN Bucks, but it cannot be used to support a student's status as an unduplicated pupil for the 2026-27 fiscal year. Whereas, forms collected between July 1, 2026, and September 2, 2026, can be used for 2026 and 2027 SUN Bucks as well as eligibility for a student's status as an unduplicated pupil for the 2026-27 fiscal year. The table below summarizes these deadlines:

Application Submission Date to LEA	Applicable Income Eligibility Guidelines	Eligible for Summer 2026 SUN Bucks?	Eligible for Summer 2027 SUN Bucks?	Eligible for 2026-27 LCFF ¹ UPC ² ?
Before 7/1/26	2025-26	Yes	No	No
7/1/26 through 9/1/26	2026-27	Yes	Yes	Yes
9/2/26 through 10/31/26	2026-27	No	Yes	Yes
11/1/26 through 6/30/27	2026-27	No	Yes	No
7/1/27 through 8/31/27	2027-28	No	Yes	No, but eligible for 2027-28

¹Local Control Funding Formula

²Unduplicated pupil percentage

LEAs that are establishing a base year for CEP or Provision 2 purposes as well as LEAs that collect income forms annually should consider these cutoffs to ensure that documentation supporting UPCs is eligible in the event the supporting documentation is subject to audit procedures. LEAs must also submit students who are eligible to the Education Data Collection System.

Note: 2025-26 is the first year schools are required to screen K-2 students for reading difficulties and Governor Gavin Newsom is now proposing to require schools to wait until the 91st day of school to screen kindergartners, and until the 46th day of school to screen first and second graders.

Why Newsom's Push to Change When Kids Are Screened for Reading Difficulties Has Divided Experts

By Zaidee Stavely
EdSource
May 27, 2026

California began screening all students in kindergarten through second grade this school year to determine whether they are at risk of developing reading difficulties, such as dyslexia, after Gov. Gavin Newsom signed a landmark bill into law in 2023.

The screenings are part of a set of policies that aim to raise the number of California third graders reading at grade level — 56% of whom fell short this academic year — by reimagining how kids are taught to read.

Now, the governor seeks to make more changes that have divided the state's experts and advocates. He has introduced legislation to require schools to wait until the 91st day of school to screen kindergartners, and until the 46th day of school to screen first and second graders.

Proponents of the waiting period say it's necessary to ensure children have had enough instruction in foundational reading skills and English before testing whether those skills have soaked in.

But the proposal has some literacy and dyslexia advocates and researchers worried that California is backpedaling on a hard-won effort to catch kids early on who need extra help with reading.

Why the State Board of Education proposed the change

The governor's office proposed the waiting period based on recommendations from the State Board of Education, which collected data from the first year of screening.

The original law states that schools should consider whether students have acquired enough formal instruction in foundational literacy skills and English proficiency before screening. However, it did not give a timeline, leaving the decision of when to screen up to school districts.

According to a Public Policy Institute of California (PPIC) survey of school districts conducted in December, a fifth of districts screened kindergartners only once at the beginning of the school year.

“California field data from more than 1 million students show that when screening occurs in the first weeks of school, up to 60% of kindergartners and about half of first and second graders may be flagged ‘at risk,’ ”

said Alex Traverso, director of communications for the California State Board of Education. “As students receive instruction, those numbers drop sharply, showing that many students were simply new to formal reading instruction, not likely to have a persistent reading difficulty.”

According to a memo from the state board, the percentage of students flagged as “at risk” dropped to about 20% in January.

Traverso clarified that under the proposal, schools could still screen students at the beginning of the school year, as long as that screening was not used to determine risk of reading difficulty.

Why some advocates and researchers are alarmed

The proposed waiting period alarmed some literacy advocacy organizations — including Decoding Dyslexia, California Literacy Coalition, Families in Schools and EdVoice — that had advocated for years for the first screening bill.

Kareem Weaver, executive director of the Oakland-based literacy advocacy group FULCRUM, opposes delaying the screenings. He told lawmakers at an April 8 Assembly hearing that if children’s reading skills improve after receiving instruction, it’s a sign the screenings are working.

“It was intended so that we would not wait for kids to fail. We would catch them on the front end and help them ... and that’s exactly what’s happened,” Weaver said. “That’s not a bad thing. That’s a good thing.”

Megan Potente, state director of Decoding Dyslexia CA, said if schools have to wait to screen kids, “the window of opportunity shortens” to provide intervention.

“It does feel a little bit like backtracking, because California just made this commitment. We are definitely OK with adjustments to reflect evidence, but it’s just far too soon to be restrictive in this way,” Potente said.

She added that if Newsom’s legislation passes, California would be the only state with restrictions on screening for first and second grades.

Young-Suk Kim, a UC Irvine professor who chaired the committee that selected the screeners, said the idea of imposing a waiting period is misguided because it conflates the screening results with a diagnosis of dyslexia. Instead, she said the goal of the screeners is to learn what each child needs, so that teachers can tailor instruction.

Kim said kindergarten teachers should know from the very beginning of the school year whether students know letter names and sounds, “rather than waiting for 92 days and just providing instruction blindly.”

“That’s just shooting in the air, hoping that it’s going to hit the mark. That will hit the mark for some kids, but you’re likely to miss a lot of kids’ needs,” she said.

In addition, Kim said it’s much better if schools have data at the beginning of the year so they can compare it with data from winter or spring. If one group of children does better by winter and another does not, the second group may need more intervention.

Other researchers approved the move

Dr. Marilu Gorno Tempini, professor of neurology and psychiatry and director of the UCSF Dyslexia Center, who helped develop one of the screeners, Multitudes, said she agrees that screening students multiple times during the year and comparing results can be helpful. But if schools can only screen students once during the year, a waiting period makes sense.

“Very early in kindergarten, the results of a screener ... can be considered a benchmark, but it cannot be considered a true risk of future reading difficulties because many kids have not acquired enough language yet, or haven’t had enough experience in testing or being in school,” Gorno Tempini said.

The waiting period was welcomed by English learner advocacy organizations, which have long raised concerns that students who speak languages other than English could be flagged for reading difficulties simply because they do not understand English.

“The fact that 60% of children are being identified as at risk to me is a red flag. I do feel like that’s enough to say that that’s not what the legislation was intending,” said Martha Martinez, director of research and evaluation at the nonprofit SEAL and a member of the committee that selected the screeners.

Districts still need more clarity about when and how to screen English learners, said Monica Aguirre, an English language arts coordinator at the San Diego County Office of Education. Current law says students who are not proficient in English should not be screened in English, but it does not make clear how schools should measure proficiency.

“If I threw you into a classroom of a language that you didn’t know, and I screened you in that language within the first 30 days, would you be able to show that you’re not at risk for a reading difficulty in that language?” Aguirre said.

The PPIC survey found that it was more common for schools with more English learners and low-income students to only screen once at the beginning of the school year. If a child is flagged as at risk, schools are supposed to provide support, such as small group instruction to learn the sounds letters make.

“That may be exactly what a kid needs, who is really struggling to develop their reading skills, but that’s not a perfect use of time for all kids,” said Sarah Novicoff, research fellow at PPIC. “There are kids who do not need that intensive instruction and would probably be better off in their classroom with their peers.”

She recommended that the state encourage schools to screen students multiple times a year, but if they can only screen once, it should be later in the year.

Note: California will hold its primary election next Tuesday, June 2, 2026.

How do California Primary Elections Work? Here's What You Need to Know

By Don Sweeney
The Sacramento Bee
May 24, 2026

As Californians begin to head to the polls for early voting in the June 2 primary election, the state's top-two system has raised questions.

The so-called "jungle primary" system, in which candidates all compete against each other to land on the general election ballot, has sparked some calls for change following a chaotic race to replace Gov. Gavin Newsom.

The last day to register to vote in the June 2 primary election was May 18, the California Secretary of State's Office said. Eligible citizens can register for same-day voting through June 2.

Counties began mailing ballots May 4 and ballot drop-off locations opened May 5. Early in-person voting began in some California counties on Saturday, May 23.

All early voting locations in the state will open May 30 and June 2 is the last day to vote in-person. Mail-in ballots will be accepted if postmarked no later than June 2.

Primary voters will cast ballots on candidates for the offices of governor, lieutenant governor, secretary of state, controller, treasurer, attorney general, insurance commissioner and state superintendent of schools.

Seats in the U.S. Congress, state Assembly and state Senate also are up for election, as are various local positions.

The next California general election will be Nov. 3.

Here's what you need to know:

How do California primary elections work?

Prior to 2010, California had a closed primary process in which members of each political party cast ballots only for their party's candidates. The top vote-getter in each party advanced to the general election, the Public Policy Institute of California said.

In 2010, Californians passed Proposition 13, which established the current top-two primary election system, Ballotpedia said.

In a top-two primary election, voters cast their ballots for any candidate, regardless of party.

The top two vote-getters then advance to the general election, even if they are from the same party, Ballotpedia said.

How are they different from ranked-choice voting?

In a ranked-choice system, voters rank the candidates for each post in order of preference, from highest to lowest, the Ranked Choice Voting Resource Center said.

If a single candidate receives more than half the ranked votes, that candidate wins. If there is no majority, the race is decided by an instant runoff, the center said.

“The candidate with the fewest votes is eliminated, and voters who ranked that candidate as their first choice will have their votes count for their next choice,” the center said. “This process continues until a majority winner, a candidate with more than half of the vote, wins.”

Fresno Unified School District
Board Communication

From the Office of the Superintendent
To the Members of the Board of Education
Prepared by: Kim Kelstrom, Chief Executive

Date: June 05, 2026
Phone Number: (559) 457-3907

Regarding: Joint Health Management Fund Three-Year Budget and Projections

The purpose of this communication is to provide the Board with an update of the Health Fund Budget projections provided by the Joint Health Management Board (JHMB) consultant at the April 23, 2026 meeting.

The consultant presented the three-year budget projection for the Health Fund at the April 23, 2026, meeting which showed a structural deficit trend mainly due to the following factors:

- Large cost claims greater than \$100k increased notably: Rising by approximately \$23M year-over-year when comparing May 2023–April 2024 to May 2024–April 2025, and by \$27M when comparing May 2023–April 2024 to May 2025–April 2026
- GLP1 for weight loss prescriptions are impacting the budget at approximately \$7.5 million in 2024/25 but are estimated to decrease to \$3.8 million in 2025/26 due to increased member copays
- Medicare retiree plan rate increase of \$18.7 million annually
- Fewer active members due to reduction in workforce lead to lower active member contributions and fewer active employee contributions from the District
- Higher early retiree members due to Public Agency Retirement System (PARS) Supplementary Retirement Plan; average claim costs for early retirees are approximately two times the average cost of active employees per year
- Plan design changes in 2024/25 included increase benefits for employees by moving from a 95/5 plan (5% is paid by employee) to a 100% coverage plan as well as offering bridge to Medi-care for all eligible retirees hired on or after July 01, 2025

To offset cost, per the Collective Bargaining Agreement (CBA), the districts contribution increases in 2026/27 from \$22,000 per active employee to \$25,184 per active employee which is approximately a \$20 million increase.

The Health Fund was operating at a surplus in 2022/23 and 2023/24, however due to the factors above, it is projected to continue to deficit spend pending any health plan and/or employee contribution changes. In addition, the target reserve will not be met for 2026/27, and the plan will be insolvent in 2027/28.

	2022/23 Actual	2023/24 Actual	2024/25 Actual	2025/26 Projected	2026/27 Projected	2027/28 Projected	2028/29 Projected
Revenue	\$225,786,359	\$227,492,617	\$241,707,119	\$243,443,627	\$262,080,293	\$266,599,017	\$271,254,121
Expense	\$191,821,396	\$210,240,295	\$258,862,854	\$286,017,462	\$308,693,948	\$324,756,890	\$340,897,653
Net Increase/Decrease	\$33,964,963	\$17,252,322	(\$17,155,735)	(\$42,573,835)	(\$46,613,655)	(\$58,157,873)	(\$69,643,532)
Unencumbered Reserve	\$99,508,173	\$116,760,496	\$99,604,762	\$61,157,387	\$14,543,732	(\$43,614,141)	(\$69,643,532)
Target Reserve	\$31,970,233	\$35,040,049	\$43,143,809	\$47,669,577	\$51,448,991	\$54,126,148	(\$113,257,673)

The Health Fund Budget presented at the April 23, 2026, meeting was delayed as labor believed the District owed millions of dollars to the health fund. The consultant was tasked to bring back cost saving strategy at the May 21, 2026, meeting.

At the May 21, 2026, meeting, the consultants brought forward plan design options for medical and prescriptions as well as employee contribution and assessment modeling. Management proposed the following options for Plan A (Plan B and Kaiser increases were proposed to increase proportionally) and would equate to approximately \$39.3 million:

- Increasing employee contributions by \$150
- Add an assessment of \$10 per employee (this was stopped in May 2023 due to the stability of the health fund reserves)
 - Increase deductibles from \$250/\$500 to \$500/\$1,000
 - Increase out of pocket maximum from \$2,100/\$4,200 to \$4,200/\$8,400
 - Increase the coinsurance from 100% coverage to 90% coverage and 10% employee paid
 - Increase doctor visits from \$15 to \$25
 - Increase the emergency room visits from \$100 to \$150
 - Eliminate GLP1 for weight loss
 - Increase generic prescriptions from \$10 to \$12 for 30 days and \$20 to \$24 for 90-days
 - Increase brand/specialty prescriptions from \$35 to \$75 for 30 days and \$70 to \$150 for 90-days
 - Increase non preferred brand from \$50 to \$150 for 30 days and \$100 to \$300 for 90-days
 - Increase out of pocket max for prescriptions from \$400 to \$500

The plan design changes were not approved with management voting yes and labor voting no. Labor has requested negotiations for district contributions due to the PARS incentive. With urgency to make plan design changes by January 01, 2027, the JHMB will need to make decisions at the June 25, 2026, meeting or establish additional meetings over the summer to prepare for open enrollment in September 2026.

Currently there is different CBA language for the unions on how to address the deficit. The current language specifies that if there is a deficit of 3% or more, JHMB is to act immediately to increase eligible employee and/or retiree contributions or assessments, and/or modify plan design. Our labor partners want to negotiate individually on how to move forward. We will keep the Board apprised of any changes as the JHMB deals with the structural deficit.

If you have any questions pertaining to the information in this communication, or require additional information, please contact Kim Kelstrom at (559) 457-3907 or Steve Shubin at (559) 457-3539.

Cabinet Approval:



Name and Title: Patrick Jensen, Chief Financial Officer

AGENDA ITEM SUMMARY

JHMB MEETING DATE: April 23, 2026

SUBJECT: Three-Year Budget and Projections
To the JHMB

PREPARED BY: Giovanni Pacheco, Senior Vice President

STATUS: ☐ Information
☒ Action

The budget projection for the July 1, 2026 through June 30, 2027 budget year is included in this report, along with an exhibit detailing the assumptions and trends used in the projections. This projected budget was also used to produce projected budgets for the 2027/28 and 2028/29 fiscal years to give a three year cost projection. These projections give the expected financial cost for the plans as they stand today. While the JHMB is constantly and currently considering a variety of vendor, network, or plan changes, the cost impact of these potential changes are not included in these projections.

This report uses the latest market trends as well as the District's own historical trends and claims information through December 2025 to predict potential future cost increases based on the current plan designs. Some of the key components are outlined below; the full list of assumptions and trends are included in Exhibit II.

Enrollment

The projected enrollment counts for 2026/27 are based on the most recent enrollment counts available from December 2025, adjusted for the recent early retirement incentives. Based on the numbers projected by the District these retirement incentives resulted in a total of 457 employees being shifted from the Active to Retiree headcount. The budget projections are also currently assuming a 10% migration of Post-65 Retirees from the Aetna MAPPO plan to the Aetna COB plan when it goes into effect on January 1, 2027. Enrollment counts are assumed to remain steady for 2027/28 and 2028/29.

Income

Based on the latest data provided by the District, the employer contribution per active enrollee is set to be \$25,184 in 2026/27, increasing to \$25,681 in 2027/28 and \$26,193 in 2028/29. These values are not yet final amounts and may need to be revised once updated values become available in May. The other income items are assumed to have the same cost per active employee as the projected amounts for the current 2025/26 fiscal year, and are assumed to remain flat in future years.

Expenses

Self-funded claims were projected by taking the historical claims per employee by line of coverage from July 2023 – December 2025. These historical claims are adjusted to account for large claimant activity, plan design changes, and other factors before applying compounded annual trend to project these historical claims forward to the 2026/27 fiscal year.

Since the District is large enough to have credible historical data, we based the claims trend used to project future claims costs on the actual plan trends rather than relying on standard market trend rates. The actual plan trends vary year over year based on utilization levels, plan design changes, and large claimant activity, but after studying the claims detail we determined that a 6.5% annual trend was appropriate for the self-funded medical claims. The Rx trend was provided by Claremont Partners, with the Active and Retiree projections using a 13.2% base annual trend to project the 2026/27 claims, though this Rx trend is anticipated to be offset by the recent plan changes.

For fully insured lines of coverage, including the administration expenses associated with the self-funded plans, the expenses were estimated based on the actual current or renewal rates given by the various carriers. Some lines of coverage have multiple year rates guarantees in place, allowing us to use actual rates for the 2027/28 and 2028/29 budget periods as well. For other lines of coverage the actual renewal rates are not yet available and estimated renewal increases were used to project the cost in future years. These rates will be updated as the actual renewals become available.

Operating Expenses are based on the projected costs for the current 2025/26 fiscal year and are generally assumed to increase 2% a year on a per employee basis.

Reserves

The Beginning Reserve Balance for the current budget period is taken from the second quarter projected year end amount for the fiscal year ending June 30, 2025. The annual surplus/deficit from the budget projections is then applied to the Unencumbered Reserves to calculate the Ending Reserve Balance. The Encumbered Reserve is composed of the OPEB Irrevocable Trust, which is estimated to increase \$3.5 million per year, and the Reserve Liability for IBNR, which is set to increase an estimated \$2 million per year based on the estimated annual increases from the most recent AB1200 report.

Results

The projected budget for July 1, 2026 through June 30, 2027, shows an annual income of \$262,080,293 with total expenses of \$308,693,948, resulting in a deficit of \$46,613,655, or 15.1% of the total expenses. In 2027/28 the projected deficit increases to \$58,157,873 as the expected expenses trend up more than the anticipated income, and the deficit increases again in 2028/29 to \$69,643,532. These projected deficits over the next three years would quickly draw down the Unencumbered Reserve total, with the Unencumbered Reserve being completely wiped out sometime in the 2027/28 fiscal year if these projections hold true.

Given the magnitude of the projected deficits, MMA is making a strong recommendation for this Board to review plan design, employee contribution, and retiree-assessment modeling during the May 2026 meeting. MMA is also making a strong recommendation for implementation of agreed upon changes no later than January 1, 2027 (or sooner). MMA will raise these recommendations during the April 2026 meeting for discussion with all the JHMB Directors.

Fresno Unified School District

Exhibit I: Three Year Budget Projection



	July 2025 - June 2026 Adopted Budget		July 2025 - June 2026 Actual + Projected Cost ¹		July 2026 - June 2027 Projected Budget		July 2027 - June 2028 Projected Budget		July 2028 - June 2029 Projected Budget	
	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active
Number of Employees										
Actives	112,740		113,780		109,104		109,104		109,104	
Pre 65 Retirees	6,132		5,952		11,028		11,028		11,028	
Post 65 Retirees	<u>52,388</u>		<u>52,975</u>		<u>53,548</u>		<u>53,548</u>		<u>53,548</u>	
Total Enrollees	171,260		172,707		173,680		173,680		173,680	
INCOME										
1. Employer Contributions	\$206,690,000	\$1,833.33	\$209,032,483	\$1,837.16	\$228,972,928	\$2,098.67	\$233,491,652	\$2,140.08	\$238,146,756	\$2,182.75
2. Employee Contributions	23,797,986	211.09	23,888,440	209.95	22,906,700	209.95	22,906,700	209.95	22,906,700	209.95
3. Retiree Contributions	5,547,221	49.20	5,397,108	47.43	5,914,498	54.21	5,914,498	54.21	5,914,498	54.21
4. COBRA Contributions	924,147	8.20	1,565,228	13.76	1,500,902	13.76	1,500,902	13.76	1,500,902	13.76
5. Prescription Rebates	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
6. Insurance Revenue	0	0.00	71,474	0.63	0	0.00	0	0.00	0	0.00
7. Low Income Premium Subsidy	1,520,304	13.49	1,517,599	13.34	1,455,230	13.34	1,455,230	13.34	1,455,230	13.34
8. Other Income	125,513	1.11	135,197	1.19	129,641	1.19	129,641	1.19	129,641	1.19
9. Interest	3,924,089	34.81	1,139,900	10.02	1,093,053	10.02	1,093,053	10.02	1,093,053	10.02
10. Investment Increase/Decrease	0	0.00	584,258	5.13	0	0.00	0	0.00	0	0.00
11. Zelis Credit Rebates	131,664	1.17	111,941	0.98	107,341	0.98	107,341	0.98	107,341	0.98
12. Active Reserve Assessment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
13. Retiree Reserve Assessment	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
14. Authorized Transfer to Reserves	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
15. District Contribution	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
16. Total Income	\$242,660,924	\$2,152.39	\$243,443,627	\$2,139.60	\$262,080,293	\$2,402.11	\$266,599,017	\$2,443.53	\$271,254,121	\$2,486.20
EXPENSES										
Benefits										
17. Active Medical Claims	\$118,855,523	\$1,054.24	\$122,224,079	\$1,074.21	\$121,209,184	\$1,110.95	\$129,087,781	\$1,183.16	\$137,478,487	\$1,260.07
18. Retiree Medical Claims	13,459,171	119.38	12,668,272	111.34	22,774,232	208.74	25,165,336	230.65	26,801,082	245.65
19. Kaiser Health Plan2	24,460,847	216.97	24,943,268	219.22	26,862,241	246.21	28,205,353	258.52	29,615,620	271.44
20. Kaiser Senior Advantage2	712,716	6.32	726,772	6.39	824,063	7.55	865,266	7.93	908,529	8.33
21. Aetna MAPPO Premium2	30,702,860	272.33	30,581,980	268.78	40,067,305	367.24	41,409,956	379.55	43,900,883	402.38
22. Aetna Open Choice Premium2	5,808,989	51.53	5,786,118	50.85	6,116,075	56.06	6,706,347	61.47	7,041,664	64.54
23. Active Prescription Drug	29,823,358	264.53	39,441,205	346.64	37,318,951	342.05	36,796,486	337.26	36,281,335	332.54
24. Retiree Prescription Drug	4,360,406	38.68	5,553,921	48.81	8,520,029	78.09	8,400,749	77.00	8,283,138	75.92
25. Prescription Drug Fee	95,122	0.84	125,683	1.10	91,696	0.84	91,696	0.84	91,696	0.84
26. Aetna COB Rx Premium					820,155	7.52	1,689,518	15.49	1,790,890	16.41
27. Aetna PPO Fee	1,484,440	13.17	2,066,795	18.16	1,619,145	14.84	1,667,719	15.29	1,717,751	15.74
28. Delta Health Systems2	2,496,487	22.14	2,294,878	20.17	2,445,666	22.42	2,493,620	22.86	2,543,492	23.31
29. Delta Health Systems Kaiser & MAPPO Eligibility2	428,738	3.80	394,114	3.46	414,272	3.80	422,395	3.87	430,843	3.95
30. Claremont EAP	315,594	2.80	311,826	2.74	309,127	2.83	310,221	2.84	311,326	2.85
31. Simple Behavioral	3,290,465	29.19	9,349,382	82.17	9,072,825	83.16	9,958,823	91.28	10,923,388	100.12
32. Simple MSK	586,863	5.21	596,951	5.25	716,258	6.56	764,724	7.01	777,664	7.13
33. Standard Life Insurance	437,807	3.88	607,988	5.34	801,457	7.35	801,457	7.35	801,457	7.35
34. Delta Dental Claims	13,587,573	120.52	13,973,650	122.81	14,832,411	135.95	15,722,355	144.10	16,665,697	152.75
35. Delta Dental Admin Fees	840,786	7.46	830,352	7.30	916,902	8.40	968,073	8.87	1,022,316	9.37
36. Pacific Union Dental	564,088	5.00	571,296	5.02	540,187	4.95	553,692	5.07	567,197	5.20
37. VSP Vision	2,347,180	20.82	2,403,960	21.13	2,421,053	22.19	2,457,369	22.52	2,493,685	22.86
38. WellPATH Program	5,049	0.04	137,138	1.21	144,653	1.33	147,546	1.35	150,497	1.38
39. EPC Phase 12	237,306	2.10	238,832	2.10	229,017	2.10	229,017	2.10	229,017	2.10
40. EPC Phase 22	663,398	5.88	667,664	5.87	640,226	5.87	640,226	5.87	640,226	5.87
41. ACA PCORI Fee	74,478	0.66	0	0.00	82,808	0.76	86,949	0.80	91,296	0.84
42. Stop Loss Premium	950,657	8.43	959,221	8.43	1,107,313	10.15	1,218,044	11.16	1,339,848	12.28
43. Transfer out to OPEB	3,000,000	26.61	3,000,000	26.37	2,000,000	18.33	2,000,000	18.33	2,000,000	18.33
44. Transfer out to IBNR	1,987,361	17.63	1,987,361	17.47	2,000,000	18.33	2,000,000	18.33	2,000,000	18.33
45. Total Benefits, Premiums & Fees	\$261,577,262	\$2,320.18	\$282,442,707	\$2,482.36	\$304,897,251	\$2,794.56	\$320,860,718	\$2,940.87	\$336,899,024	\$3,087.87

Fresno Unified School District

Exhibit I: Three Year Budget Projection



	July 2025 - June 2026 Adopted Budget		July 2025 - June 2026 Actual + Projected Cost ¹		July 2026 - June 2027 Projected Budget		July 2027 - June 2028 Projected Budget		July 2028 - June 2029 Projected Budget	
	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active	Annual Cost	Monthly Cost per Active
Operating Expenses										
46. Salaries	\$723,750	\$6.42	\$743,909	\$6.54	\$734,737	\$6.73	\$756,779	\$6.94	\$779,482	\$7.14
47. Staff Benefits	444,754	3.94	411,885	3.62	406,806	3.73	419,010	3.84	431,581	3.96
48. Supplies	0	0.00	1,365	0.01	1,335	0.01	1,362	0.01	1,389	0.01
49. Auditor	27,019	0.24	6,637	0.06	6,491	0.06	6,621	0.06	6,753	0.06
50. Delta Fund Administrator Fees	345,089	3.06	349,801	3.07	361,385	3.31	372,226	3.41	383,393	3.51
51. Delta Team Care Fees	197,789	1.75	114,592	1.01	207,678	1.90	218,062	2.00	228,965	2.10
52. MMA Consultant Fees	456,750	4.05	456,750	4.01	463,500	4.25	470,453	4.31	477,405	4.38
53. Claremont Partners: General	587,815	5.21	545,900	4.80	604,988	5.55	614,888	5.64	624,986	5.73
54. Legal Fees - Kraw Law Group	183,000	1.62	168,000	1.48	250,100	2.29	262,600	2.41	275,720	2.53
55. Outside Legal Counsel	35,000	0.31	35,000	0.31	35,000	0.32	35,000	0.32	35,000	0.32
56. JHMB Training / Education Expenses	126,597	1.12	73,469	0.65	71,858	0.66	73,296	0.67	74,762	0.69
57. Other Operating Expenses	835,022	7.41	659,217	5.79	644,768	5.91	657,663	6.03	670,817	6.15
58. Communications	5,750	0.05	8,231	0.07	8,051	0.07	8,212	0.08	8,376	0.08
59. Total Operating Expenses	\$3,968,335	\$35.20	\$3,574,755	\$31.42	\$3,796,697	\$34.80	\$3,896,172	\$35.71	\$3,998,629	\$36.65
60. Total Expenses	\$265,545,597	\$2,355.38	\$286,017,462	\$2,513.78	\$308,693,948	\$2,829.36	\$324,756,890	\$2,976.58	\$340,897,653	\$3,124.52
61. Surplus / (Deficit)	(\$22,884,673)	(\$202.99)	(\$42,573,835)	(\$374.18)	(\$46,613,655)	(\$427.24)	(\$58,157,873)	(\$533.05)	(\$69,643,532)	(\$638.32)
62. Surplus / (Deficit) as % of Total Expenses	-8.6%		-14.9%		-15.1%		-17.9%		-20.4%	
Beginning Reserve Balance										
63. Encumbered Reserves										
64. OPEB Irrevocable Trust	\$91,142,862		\$91,142,862		\$94,642,862		\$98,142,862		\$101,642,862	
65. Reserve Liability for IBNR	\$29,618,563		\$29,618,563		\$31,605,924		\$33,605,924		\$35,605,924	
66. Total Encumbered Reserves	\$120,761,425		\$120,761,425		\$126,248,786		\$131,748,786		\$137,248,786	
67. Unencumbered Reserves	\$103,731,222		\$103,731,222		\$61,157,387		\$14,543,732		(\$43,614,141)	
68. Total Reserves	\$224,492,647		\$224,492,647		\$187,406,173		\$146,292,518		\$93,634,645	
69. Operating Surplus / (Deficit)	(\$22,884,673)		(\$42,573,835)		(\$46,613,655)		(\$58,157,873)		(\$69,643,532)	
70. Transfer In from Reserves	\$0		\$0		\$0		\$0		\$0	
71. Adjusted Unencumbered Reserves	\$80,846,549		\$61,157,387		\$14,543,732		(\$43,614,141)		(\$113,257,673)	
72. Target Unencumbered Reserves ³	\$44,257,599		\$47,669,577		\$51,448,991		\$54,126,148		\$56,816,276	
Ending Reserve Balance										
73. Encumbered Reserves										
74. OPEB Irrevocable Trust	\$95,705,193		\$94,642,862		\$98,142,862		\$101,642,862		\$105,142,862	
75. Reserve Liability for IBNR	\$31,605,924		\$31,605,924		\$33,605,924		\$35,605,924		\$37,605,924	
76. Total Encumbered Reserves	\$127,311,117		\$126,248,786		\$131,748,786		\$137,248,786		\$142,748,786	
77. Unencumbered Reserves	\$80,846,549		\$61,157,387		\$14,543,732		(\$43,614,141)		(\$113,257,673)	
78. Total Reserves	\$208,157,666		\$187,406,173		\$146,292,518		\$93,634,645		\$29,491,113	

¹ 2025/26 actual+projected costs based on December 2025 quarterly report

² Projected 2025/26 costs pro-rated based on budget distribution

³ Target Unencumbered Reserves calculated as 2.0 months of total expenses.