

Franklin-McKinley School District 2026-27 Budget Proposal

May 29, 2026

Agenda Topics

- Budget Cycle
- May Revise Themes and Risks
- MYP Assumptions & Projections
- What is not in the Budget
- Budget Overview For Parents
- Upcoming Action Items



BUDGET CYCLE



JANUARY PROPOSAL
(First Pass)

MAY REVISE
(Second Pass)

45-DAY BUDGET REVISION
(August)
"Final Numbers"

CLOSE PY'S BOOKS
(September)

AUDITED FINANCIALS / FIRST INTERIM
(December)

The due dates for audits and review of audits may change.

FMSD MUST adopt its budget before we know State's final numbers. Makes it IMPOSSIBLE to properly predict revenue.

Themes for the 2026-27 May Revision

- **Governor Gavin Newsom's May Revision:**

Projects significant personal income tax (PIT) growth fueled by capital gains in the current year and moderating in the budget year

- This eliminates projected ongoing deficits while providing budget stability that will last after he leaves office, if his forecast holds

Shores up existing programs instead of creating new ones and provides significant one-time discretionary fund preparing education for a rainy day

Proposes a new benefit to local educational agency (LEA) employees of paid pregnancy disability leave (PPDL), which he proposes to fund through the Local Control Funding Formula (LCFF)

Provides an historic increase to special education funding that surpasses the statewide equalized funding rate proposed in January

Continues his plan to under appropriate the Proposition 98 minimum guarantee to the tune of $3.9 billion

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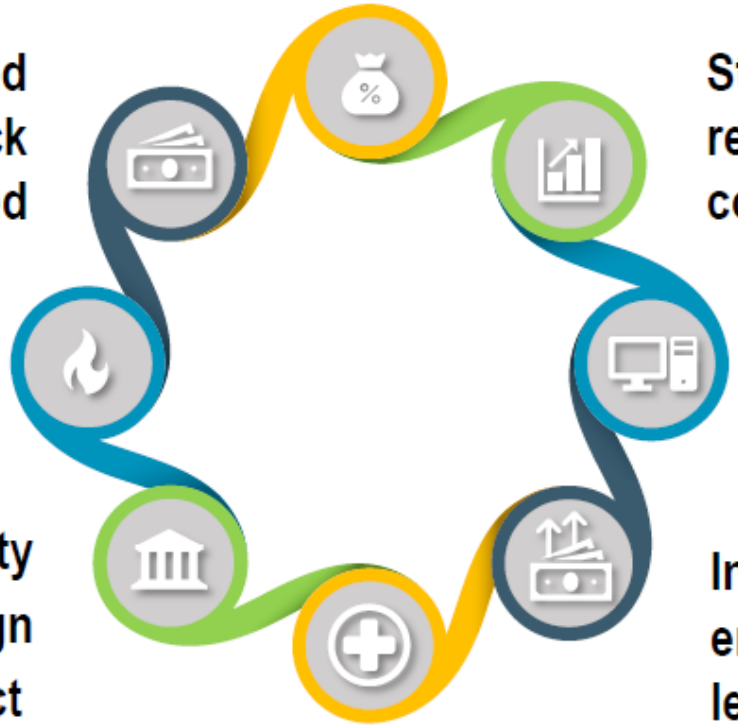
Risks to the Economy and the State Budget

Uncertainty remains regarding future economic conditions and the potential impact of proposed tax initiatives on taxpayer behavior and revenue stability

Budget solutions rely on continued economic growth and moderation in stock market growth over the forecast period

Insurance market instability, wildfire recovery costs, and potential climate-related disasters

Federal policymaking uncertainty related to immigration, foreign trade, and geopolitical conflict



Structural deficits persist despite strong revenue growth and improved tax collections

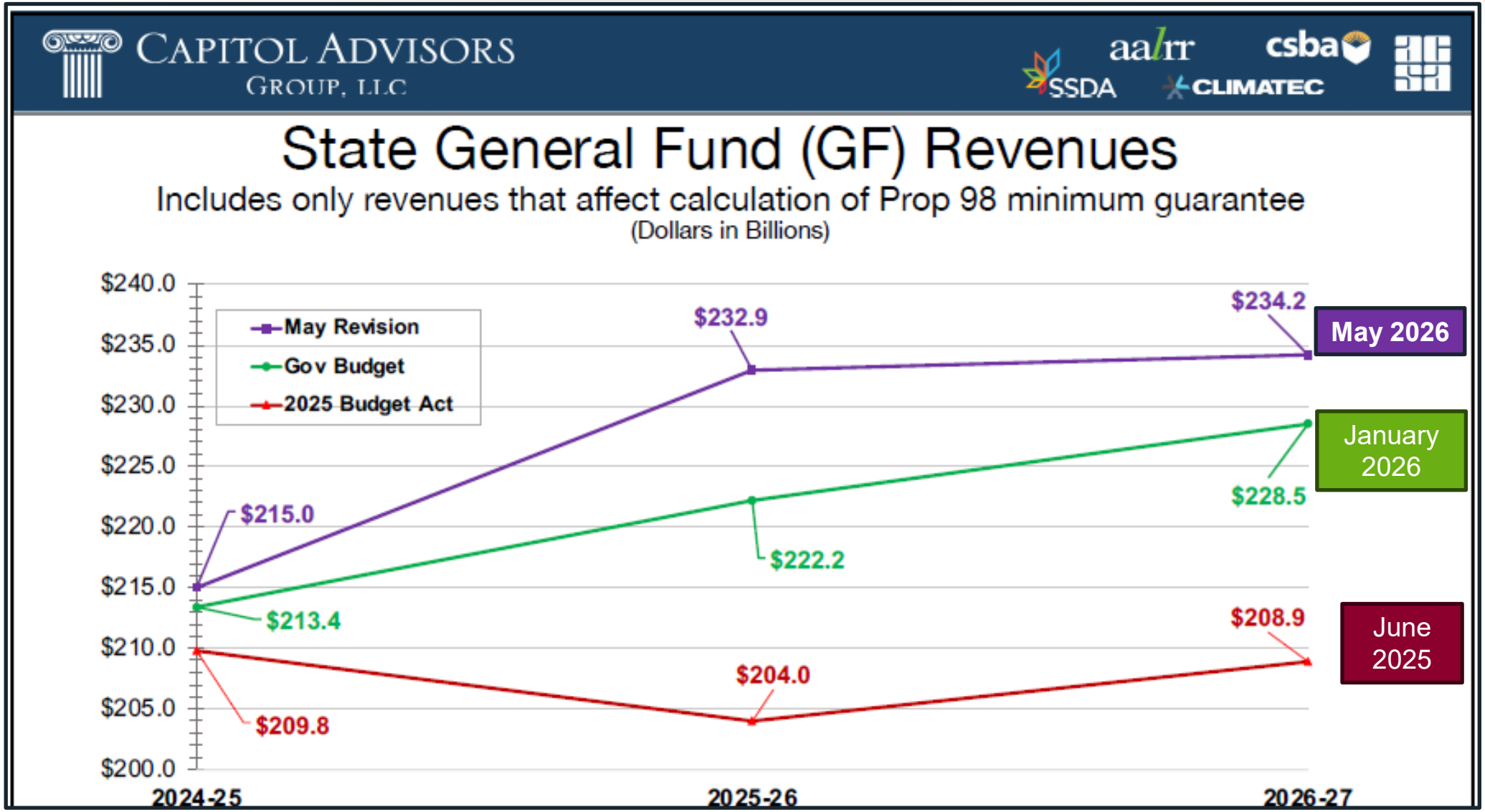
Greater dependence on technology and financial markets increases volatility risk for state revenue

Inflation volatility due to tariffs, rising energy costs, and the Fed's leadership transition

Medi-Cal costs and caseload pressures, along with reduced federal Medicaid spending

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Changes In Assumptions Will Happen Impacting The Past, Present and Future

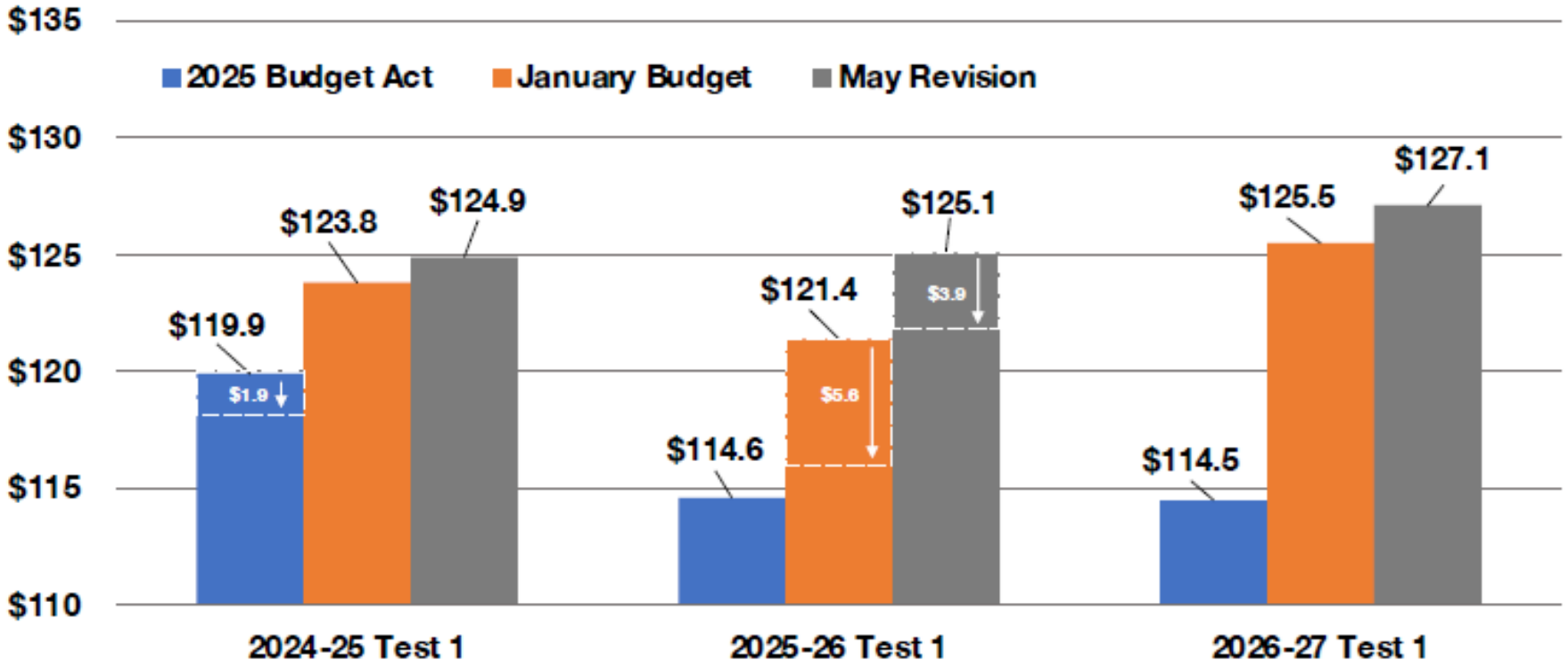


Changes In Assumptions Will Happen Impacting The Past, Present and Future

CAPITOL ADVISORS GROUP, LLC

Proposition 98 Over Three Years

(Dollars in Billions)





LCFF Estimated Revenue

Factors	26-27 LCFF Revenue
COLA @ 2.41% (Mar.)	$85,881,000 @ 2nd Interim
COLA @ 2.87% (Apr.)	372,000 increase
COLA @ 4.31% (May)	1,163,000 increase
Change in Funded ADA	(246,000) decrease
New LCFF Revenue Proj.	**$87,170,000 @ Adoption**

- **Great News!** Governor increases ongoing revenue.
- **"Earmarked" COLA** increase of 1.44% earmarked to cover the cost of proposed 14-week pregnancy disability leave ("PDL").
- **Prudent Option:** Formally Commit the $1,163,000 specifically for this purpose.
- **"Settle Up" Still Exists!** Per CSBA, Loss of $635/student or $3.1M in ongoing revenue.
  - Advocate through CSBA to eliminate.

Settle-Up Versus Maintenance Factor

Questions	Settle-Up	Maintenance Factor
What creates the obligation?	When revised funding level is more than previously appropriated	When the state suspends Proposition 98
Is it adjusted for inflation?	No	Yes Each year, Adjusted for COLA & ADA changes
When are payments made?	Director of Finance-determined or state-adopted schedule	Constitution requires payments when General Fund revenues are outpacing personal income
What determines payment amounts?	The Director's or state-adopted schedule	A constitutional formula

Paid Pregnancy Disability Leave (Would Start July 1, 2026)

- The May Revision proposes to mandate paid disability leave for medical conditions related to pregnancy
  - Applies to regular certificated and classified public school employees

Leave Requirements	Leave Duration	Leave Tracking
▪ Qualifying reasons for leave include disability due to pregnancy, miscarriage, childbirth, termination of pregnancy, or recovery from those conditions ▪ This leave does not require a minimum number of hours worked or length of service to qualify	▪ Leave of absence is full pay up to a maximum of 14 weeks ▪ Leave may be taken before and continue after childbirth if the employee is disabled by pregnancy or other related medical conditions ▪ The length of the leave of absence is determined by the employee and the employee's physician	▪ Leave taken under this provision is not deducted from any other accrued paid leave ▪ Runs consecutively with other state and federal leaves of absence regulations and laws

Current FMSD MYP does not include a placeholder for possible increase in expenditures from PPDL.

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Special Education Largest Increase In State History!

Jan. Proposal [26-27]	May Revise [26-27]
$999 per ADA (SSC)	$1,340 Per ADA (SSC)
Proj. $5.34 Million	**Proj. $7.28 Million**

- **Year over Year (Y-O-Y)**
  - **$423 per ADA increase [$341 since Jan.]**
  - **43% Increase**
  - **$2.31 million**
- Current Year (25-26) Revenue: $4.97 million
- Unknown: Rising Cost of Program

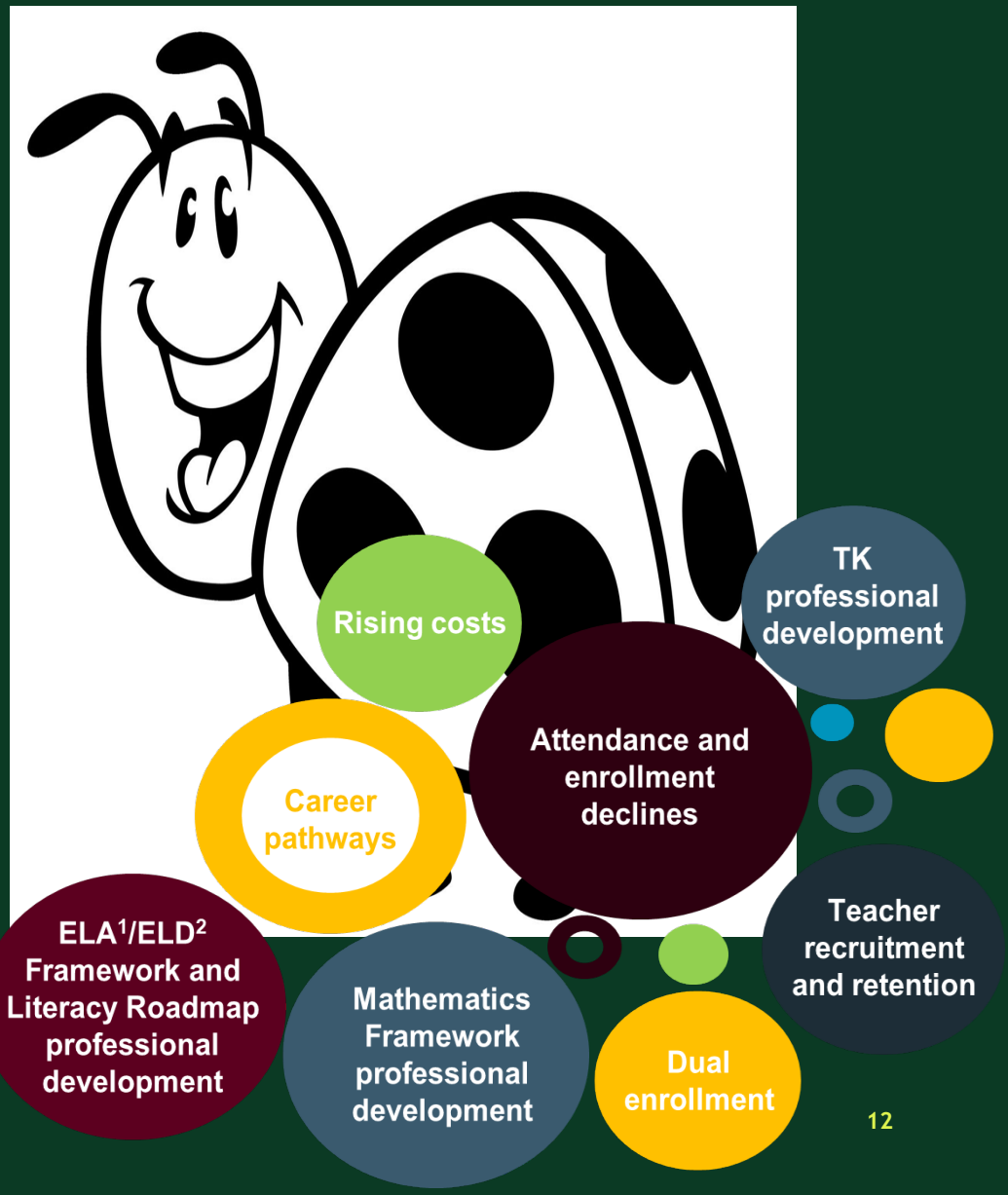


Student Support & Prof. Development Discretionary Block Grant

Jan. Proposal [26-27]	May Revise [26-27]
$2.8 Billion (Statewide)	$5.0 Billion (Statewide)
$512 per ADA (SSC)	$937 Per ADA (SSC)
Proj. $2.56 Million	**Proj. $4.69 Million**

- $2.13 million increase since January
- Use fully discretionary
- Statewide priorities recommended
- Spend By **June 30, 2029**

Mutating SPUDBUG





Literacy Coaches And Reading Specialist

Jan. Proposal [26-27]	May Revise [26-27]
$0 (Statewide)	$428 M (Statewide)
Proj. $0 Million	**Proj. $2.7 Million**

- In Fiscal Year 2025-26 received $1.35 million
- Allocation specifically for Kennedy, Lairon and Santee. In FY 25-26 $450K per site.
- In 26-27, will pay for 3 TOSAs (1 per site)
- **May Revise One-Time Proposal** extends the program for all current grantees, ensuring continued support and intervention efforts.
    - Estimated New Revenue $900K per site
- **Deadline extended** from 6-30-29 **to 6-30-31**

Increase In Funding BUT FMSD Impact Unknown



- Supplemental Funds for Students Experiencing Homeless - $30 M [Statewide]
- CCSPP - Maintains plan to extend and expand program (ongoing) - $1 Billion [Statewide]
  - Range from $75K to $400K based on enrollment; $190K is likely per FMSD site
  - Either (1) a current CCSPP recipient or (2) have at least 65% UPP and more than 10 students
  - Current Recipients: Bridges, Dahl, Hellyer, Kennedy Meadows, Shirakawa
  - Recipients through SCCOE: Santee and Lairon

Increase In Funding BUT FMSD Impact Unknown (continued)



- CNS Universal Meals & Kitchen Infrastructure & Training (“KIT”)Funds - $2.9 M [Statewide]
- Holocaust and Genocide Education Grant Program - $10M [Statewide]
- Menstrual Products - $1.7 M [Statewide]
- Various Teacher Recruitment and Preparation Grants - $280M [Statewide]

Federal Fund Proposals

[Make Education Great Again (M.E.G.A.) Grant Plan]

- Title I funds and Special Ed Funds are not being eliminated
- 17 Smaller programs consolidated into Block Grant.
  - $6.5 B down to $2B
- $1.3B to be cut in ELA and Migrant Ed programs.

Federal Fund Proposals

[Make Education Great Again (M.E.G.A.) Grant Plan]

Federal Fiscal and Policy Landscape and Public Education

- In April, the Trump Administration released its full budget proposal for federal FY 2027, once again proposing significant fiscal and program oversight changes

Increase

- IDEA State Grants
- IDEA Infant Grants
- Impact Aid
- Indian Education

Maintain

- Title I
- Charter Schools
- Career Technical Education State Grants

Eliminate or Block Grant (Partial List)

- IDEA Preschool
- IDEA National Activities
- Supporting Effective Instruction State Grants (Title II-A)
- Student Support and Academic Enrichment Grants (Title IV-A)
- 21st Century Community Learning Centers
- State Assessments
- Rural Education Achievement Program
- School Safety National Activities
- Comprehensive Literacy State Development
- Education for Homeless Children and Youth
- English Language Acquisition (Title III)
- Migrant Education
- Education Innovation and Research
- Full-Service Community Schools

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Other MYP Assumptions

LCFF PLANNING FACTORS					
Factor	2025-26[1]	2026-27[2]	2027-28	2028-29	2029-30
Department of Finance Statutory COLA	2.30%	2.87%	3.30%	3.09%	3.11%

LCFF GRADE SPAN FACTORS FOR 2026-27				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2025-26 Base Grants	$10,256	$10,411	$10,719	$12,423
Statutory COLA of 2.87%	$294	$299	$308	$357
Additional LCFF Investment of 1.44%[3]	$148	$150	$154	$179
2026-27 Base Grants	$10,698	$10,860	$11,181	$12,959
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	$1,113	–	–	$337
2026-27 Adjusted Base Grants[4]	$11,811	$10,860	$11,181	$13,296
Transitional Kindergarten (TK) Add-On[5]	$5,704	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2025-26	2026-27	2027-28	2028-29	2029-30
California CPI		3.25%	3.76%	3.18%	2.76%	2.50%
California Lottery	Unrestricted per ADA	$190.00	$190.00	$190.00	$190.00	$190.00
	Restricted per ADA	$82.00	$82.00	$82.00	$82.00	$82.00
Mandate Block Grant (District)	Grades TK-8 per ADA	$39.09	$40.41	$41.74	$43.03	$44.37
	Grades 9-12 per ADA	$76.48	$79.27	$81.89	$84.42	$87.05
Mandate Block Grant (Charter)	Grades TK-8 per ADA	$20.52	$21.31	$22.01	$22.69	$23.40
	Grades 9-12 per ADA	$58.21	$60.48	$62.48	$64.41	$66.41
Interest Rate for Ten-Year Treasuries		4.30%	4.60%	4.30%	4.30%	4.20%
CalSTRS Employer Rate[6]		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate[6]		26.81%	26.40%	26.80%	25.90%	25.10%
Unemployment Insurance Rate[7]		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage[8]		$16.90	$17.40	$18.00	$18.50	$19.00

➢ Dartboard Used For:

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

➢ Also Use:

- Governor's May Revise
- Salary Schedules
- Staffing Projections
- Enrollment Projections
- Position Control
- County Guidance
- Grant Award Letters
- New One-Time Funds
- Expiration of One-Time $s
- Known Donations
- Negotiated Agreements
- MOUs

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What has not changed from January

- ELO-P Funding still ongoing.
  - Tier 2 rate increased but does not impact FMSD.
- Learning Recovery Emergency Block Grant
  - $1.03 M final repayment
  - Spend all funds by June 30, 2028

Other Changes in Assumptions

- Districtwide FTE Declining Due To Enrollment
    - In FY 26-27 707.7
    - In FY 27-28 701.7
    - In FY 28-29 697.7

- Added LCFF Equity Multiplier for Lairon $360K [One-Time Funding]
    - Certified as of January 2026 (P-1)
    - We will know if other school sites qualify January 2027.

- CAUTION: This is a May Proposal so numbers are not final.
- We need to continue being thoughtful on how we spend these funds.

What A Difference A Year Makes…

Description	Month Estimated	Amount In Millions
June 30, 2027 Ending Fund Balance Projection	**June 2025**	**$3.60**
Increases @ 45-Day Budget Revision	August 2025	$6.70
Other Increase @ First Interim	December 2025	$0.80
Other Changes @ Second Interim	March 2026	$5.40
COLA Change @ April 2026	April 2026	$0.40
Other Changes @ May Revise	May 2026	$8.50
Other (Savings Netted Against Negotiated Increase)	May 2026	$6.50
Revised June 30, 2027 Ending Fund Balance	**June 2026**	**$31.9**

See attachment to the Board Agenda for details of the items above.

What A Difference A Year Makes…

Description	Month Estimated	Amount In Millions	Amount In Millions
June 30, 2027 Ending Fund Balance Projection	**June 2025**	**$3.6**	**$3.6**
Increases @ 45-Day Budget Revision	August 2025		$6.7
TK Ratio Add-On	August 2025	$4.0	
Student Support & Prof. Dev. Discretionary Block Grant (SSPDBG)	August 2025	$1.7	
Learning Recovery Emergency Block Grant	August 2025	$1.0	
Other Increase @ First Interim	December 2025		$0.8
New Grants (CYBHI, SJPL, Applied Materials, CCSPP, etc.)	December 2025	$0.8	
Other Changes @ Second Interim	March 2026		$5.4
More SSPDBG Funding for 26-27	March 2026	$2.6	
Savings	March 2026	$1.5	
Literacy Coaches and Reading Specialist	March 2026	$1.3	
Learning Recovery Emergency Block Grant	March 2026	$0.5	
New Grants (SCC Mental Health SLS, SJ Learns, etc.)	March 2026	$0.3	
26-27 COLA Decreased to 2.41%	March 2026	($0.8)	

What A Difference A Year Makes…

Description	Month Estimated	Amount In Millions	Amount In Millions
COLA Change @ April 2026	April 2026		$0.4
26-27 COLA Increased to 2.87%	April 2026	$0.4	
Other Changes @ May Revise	May 2026		$8.5
Even More Literacy Coaches and Reading Specialist Grants	May 2026	$2.7	
Special Education Funding Increase	May 2026	$2.3	
Even More SSPDBG Funding for 26-27	May 2026	$2.1	
26-27 COLA Increased to 4.31%	May 2026	$1.2	
LCFF Equity Multiplier	May 2026	$0.4	
26-27 ADA Adjusted Based on Demographic Study	May 2026	($0.2)	
Other (Savings Netted Against Negotiated Increase)	May 2026		$6.5
Funds for Students Experiencing Homeless	May 2026		
CNS "KIT" Funds	May 2026		
Holocaust and Genocide Education Grant Program	May 2026		
Funding for Menstrual Products	May 2026		
Various Teacher Recruitment and Preparation Grants	May 2026		
Savings for FY 25-26 Year End Close	May 2026		
Others (Year End Close Savings, Negotiated Pay Increases; Carryover)	May 2026	$6.5	
Revised June 30, 2027 Ending Fund Balance	**June 2026**	**$31.9**	**$31.9**

Summarized MYP

Summary of MYP for Proposed Budget	Estimated			
(in Thousands)	Actuals	Multi-Year Projections		
	2025-26	2026-27	2027-28	2028-29
Revenue	**$127,296.1**	**$131,494.2**	**$121,403.4**	**$116,922.4**
Expense	$130,850.4	$130,324.5	$129,852.5	$128,902.6
Surplus / (Deficit)	**($3,554.3)**	**$1,169.7**	**($8,449.1)**	**($11,980.2)**
Beginning Fund Balance	$34,312.3	$30,758.0	$31,927.7	$23,478.6
Ending Fund Balance - June 30	**$30,758.0**	**$31,927.7**	**$23,478.6**	**$11,498.4**
Total Expense (B)	$130,850.4	$130,324.5	$129,852.5	$128,902.6
Unrestricted & Assigned Balance (A)	$6,542.5	$6,516.2	$6,509.8	$5,782.0
Reserve % = (A) / (B)	***5.0%***	***5.0%***	***5.0%***	***4.5%***

Summary of MYP - Revenue Components	Estimated Actuals	Multi-Year Projections			
(in Thousands)	2025-26	2026-27	2027-28	2028-29	2029-30
LCFF Sources	$ 83,795.1	$ 87,170.6	$ 85,925.8	$ 82,631.9	$ 79,694.6
Federal Sources	$ 5,445.8	$ 4,620.2	$ 4,620.2	$ 4,620.1	$ 4,620.1
Other State Revenue	$ 26,112.1	$ 30,800.8	$ 22,355.0	$ 21,227.8	$ 20,387.4
Other Local Revenue	$ 11,943.1	$ 8,902.6	$ 8,502.4	$ 8,442.6	$ 8,478.2
Total of Revenue Components	**$ 127,296.1**	**$ 131,494.2**	**$ 121,403.4**	**$ 116,922.4**	**$ 113,180.3**
LCFF Funds as percentage of Total	**66%**	**66%**	**71%**	**71%**	**70%**

Declining revenue due to declining enrollment, loss of significant one-time funds, and loss of expiring parcel tax.

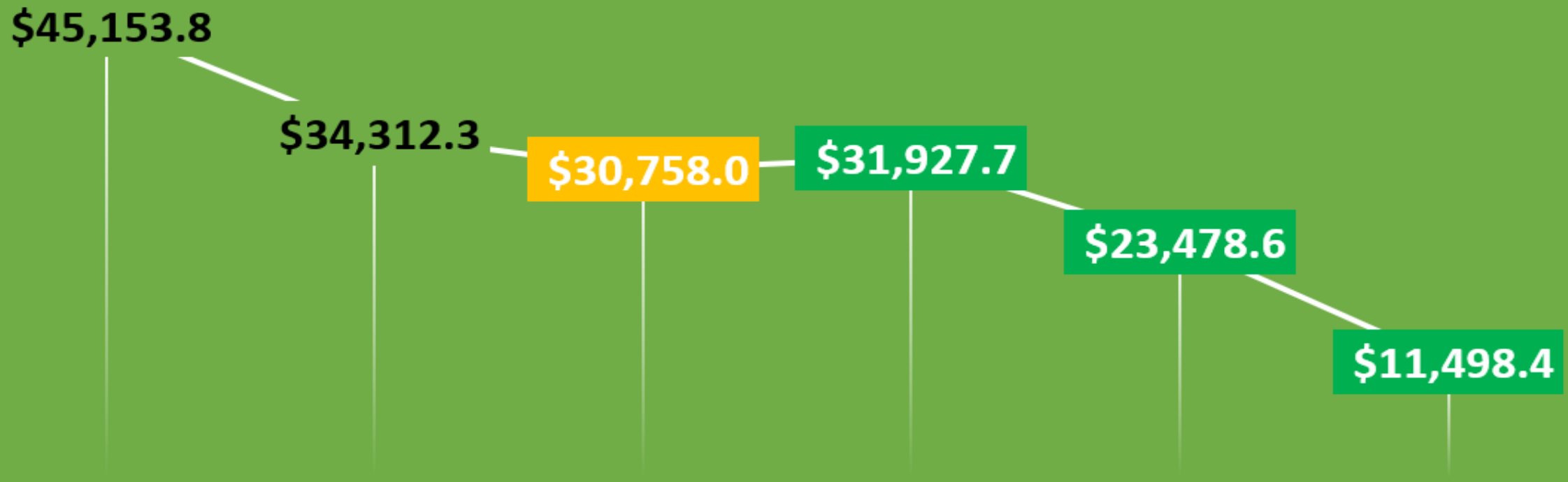
Summarized Revenue Components

Summary of MYP - Expenditure Components	Estimated Actuals	Multi-Year Projections		
(in Thousands)	2025-26	2026-27	2027-28	2028-29
Expenditure Components				
Certificated Salaries	$ 45,543.4	$ 47,418.7	$ 47,338.4	$ 47,396.9
Classified Salaries	$ 19,158.1	$ 20,311.6	$ 20,521.5	$ 20,705.7
Employee Benefits	$ 31,934.3	$ 32,562.5	$ 32,013.0	$ 31,861.0
Books and Supplies	$ 3,927.3	$ 3,665.6	$ 3,666.3	$ 3,827.1
Services & Other	$ 28,709.1	$ 26,575.5	$ 26,522.1	$ 25,320.0
Capital Outlay (CNS KIT Funds/Vehicles)	$ 446.3	$ 22.7	$ 23.5	$ 24.1
Other Outgo & Indirect	$ 1,131.9	$ (232.1)	$ (232.3)	$ (232.2)
Total Expenditures (A)	**$ 130,850.4**	**$ 130,324.5**	**$ 129,852.5**	**$ 128,902.6**
Compensation as a percentage of Total	*74%*	*77%*	*77%*	*78%*

Expenditures for one-time funds are removed when funds run out.
CPI used for increases year over year.

Summarized Expenditure Components

ENDING FUND BALANCE TREND (IN THOUSANDS)



Fund Balance Growth But Unrestricted Decreases

Franklin - McKinley School District			
Projection for FY 2026-27 (@ Budget Proposal)			
	Unrestricted General Fund	Restricted General Fund	Total General Fund
Revenue			
Total Revenue	96,105,264	35,388,930	131,494,194.0
Expenditures			
Total Expenditures	72,845,708	57,478,796	130,324,503
Revenue over Expenditures	23,259,556	(22,089,866)	1,169,691
Interfund Transfers			
Encroachment/Contribution	(24,384,854)	24,384,854	-
Total Transfers	(24,384,854)	24,384,854	-
Net Increase (Decrease)	(1,125,297)	2,294,988	1,169,691
Fund Balances			
Beginning Balance	25,786,487	4,971,471	30,757,959
Ending Balance	24,661,190	7,266,459	31,927,650

Opportunity to re-examine programs and supports and determine what can be paid with restricted funds.

Components of Ending Fund Balance

	June 2027	June 2027	June 2027	
Components of Ending Balance	**Unrestricted**	**Restricted**	**Combined**	**Percentage Of Ending Balance**
(Amounts in thousands)				
Non-spendable	25.0	-	25.0	*0.08%*
Legally Restricted *(1)*	-	7,266.5	7,266.5	*22.76%*
Assigned (2% Board Reserve)	2,606.5	-	2,606.5	*8.16%*
3% Economic Uncertainty	3,909.7	-	3,909.7	*12.25%*
Committed *(2)*	18,120.0	-	18,120.0	*56.75%*
Unassigned Reserve	-	-	-	*0.00%*
Ending Balance	**24,661.2**	**7,266.5**	**31,927.7**	***100.00%***

(1) See following pages detailing Legally Restricted balances by funding source. The two biggest components: Literacy Coaches and Reading Specialist Grant Program of $3.5M and Expanded Learning Opportunities Program of $1.5M.

(2) To make SERP & OPEB payments; Curriculum Adoption, & Tech Refresh and offset projected deficit spending

Components of Ending Fund Balance

Category	Amount	Description
Ed Code Requirement	$ 3.9M	3% reserve for economic uncertainty required by Ed Code
Assigned	$ 2.6M	Additional 2% reserve based on board resolution 2011-25
Committed	$ 1.2M	Supplemental Employment Retirement Plan (SERP) and Other Post Employment Benefits Payments
Committed	$ 17.0M	Cover the cost of Curriculum Adoption, Technology Refresh, 14-Week Paid Pregnancy Disability Leave (PPDL), CSEA Compensation Increase based on Collective Bargaining Agreement, Projected Deficit Spending

Components of Ending Fund Balance

Category	Amount	Description
Restricted	$ 3.5M	**Literacy Coaches and Reading Specialists Grant Program** - Funding to develop school literacy programs, including dual language immersion and other programs for multilingual learners, employ and develop literacy coaches and specialists, and develop and implement interventions for pupils in need of targeted literacy support, including English learners. **Spend by June 2031**
Restricted	$ 1.5M	**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. **Each annual allocation must be spent in 24 months. (e.g., FY 23-24 funds should have been spent by June 30, 2025)**

Components of Ending Fund Balance

Category	Amount	Description
Restricted	$ 0.7M	**Learning Recovery Emergency Block Grant** - Provides funding to be used for learning recovery initiatives through the 2027-28 school year that, at a minimum, support academic learning recovery, and staff and pupil social and emotional well-being. **Spend by June 2028.**
Restricted	$ 0.5M	**Prop 28 (Arts and Music In Schools)** - Ongoing program supporting arts instruction in schools. Funds used to either hire teachers and/or contractors to support the expansion of the Arts and Music. **Each annual Allocation spend in 3 years. (e.g., FY 23-24 funds should be spent by June 30, 2026)**
Restricted	$ 0.4M	**Routine Repairs and Maintenance** - For the purposes of ongoing and major maintenance. Per EC Section 17070.75(b)(2)(C), LEAs are required to deposit 3% of the total general fund expenditures for that fiscal year. **No end date.**

Components of Ending Fund Balance

Category	Amount	Description
Restricted	$ 0.3M	**California Community Schools Partnership Program (CCSPP) and Other Local Grants** - CCSPP 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. **CCSPP funds can not supplant LCFF funds** to pay for base ongoing operating expenditures. **Spend in 5 years**
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. Funds allocated to the Special Education Program.

Budget Overview for Parents (B.O.P.)

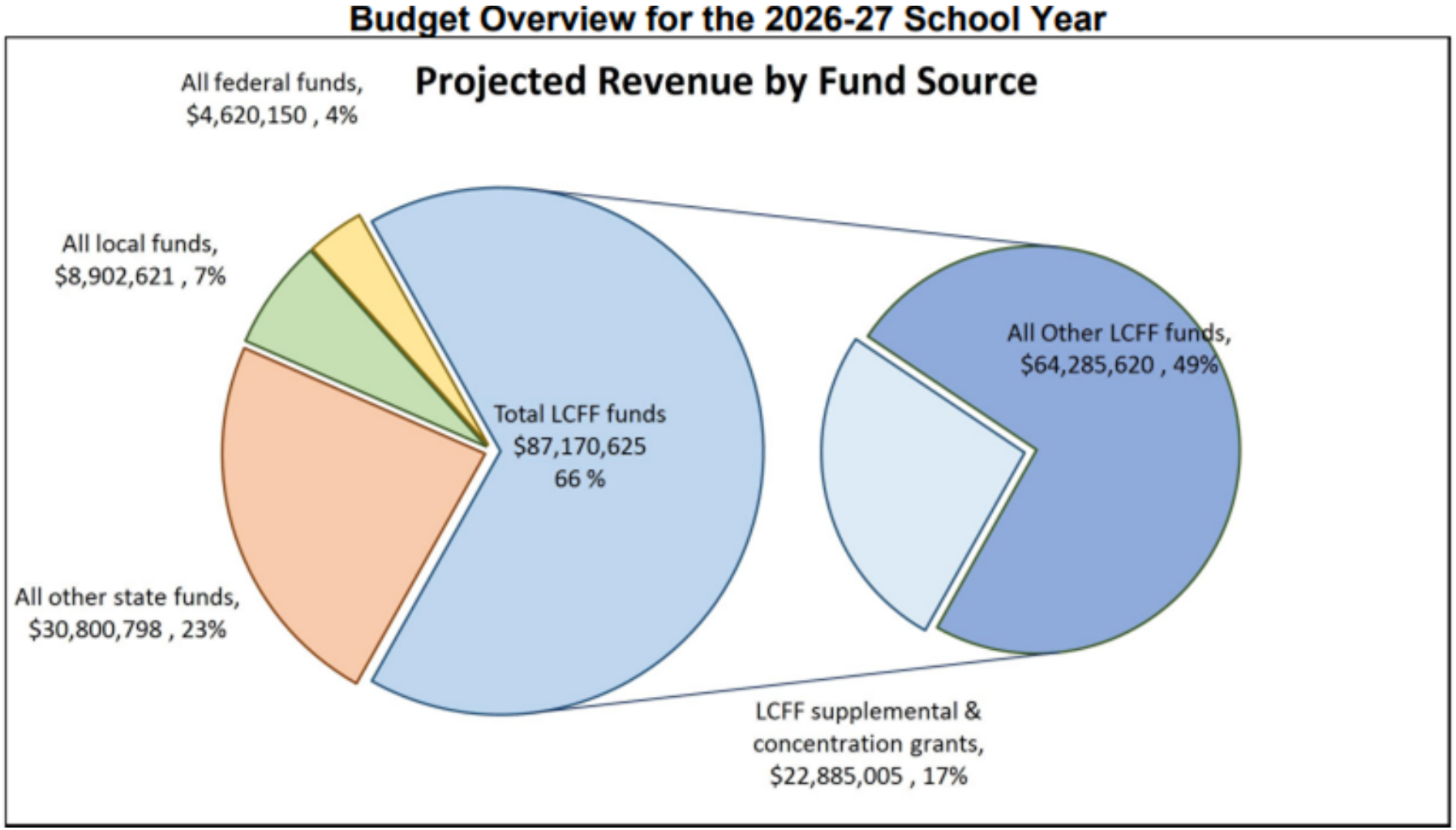
Budget Overview for Parents

Why the B.O.P.?

- **Education Code Section 52064.1 requires school districts to develop the Local Control Funding Formula Budget Overview for Parents (BOP) in conjunction with the Local Control Accountability Plan (LCAP) by July 1 of each year.**

- **The statute requires the BOP to use language that is understandable and accessible to parents in order to provide transparency.**

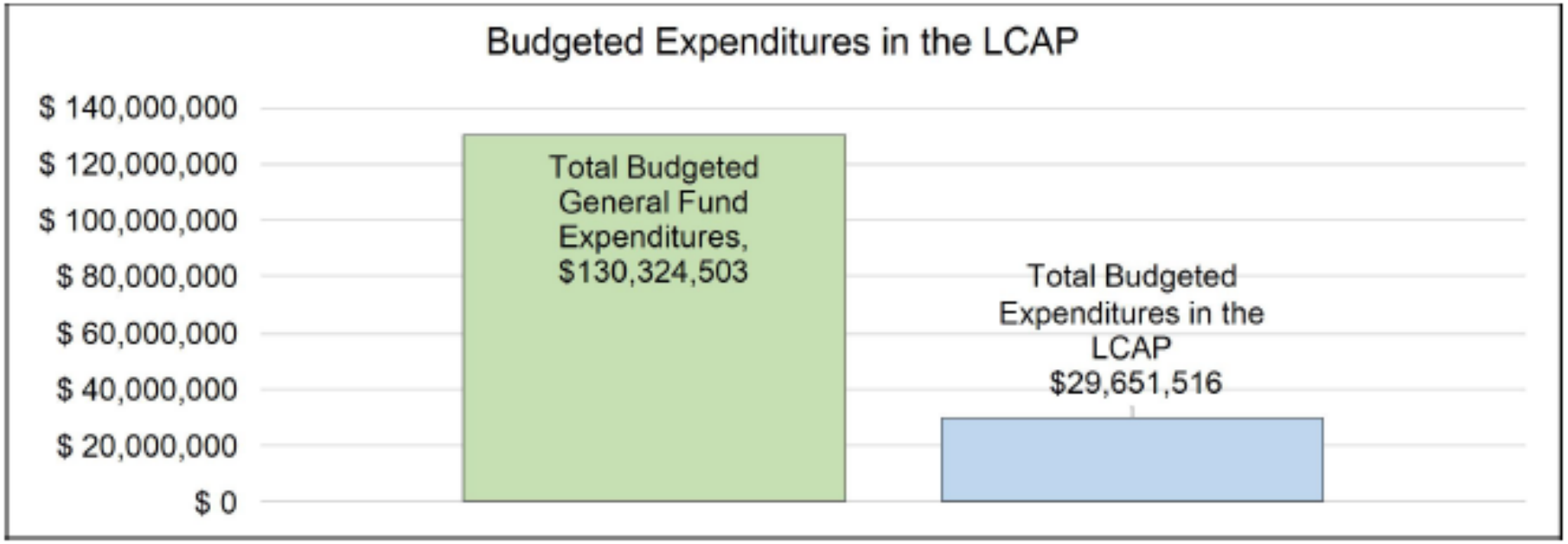
Budget Overview for Parents



This chart shows the total general purpose revenue Franklin-McKinley Elementary School District expects to receive in the coming year from all sources.

Budget Overview for Parents

The LCFF gives school districts more flexibility in deciding how to use state funds. In exchange, school districts must work with parents, educators, students, and the community to develop a Local Control and Accountability Plan (LCAP) that shows how they will use these funds to serve students.

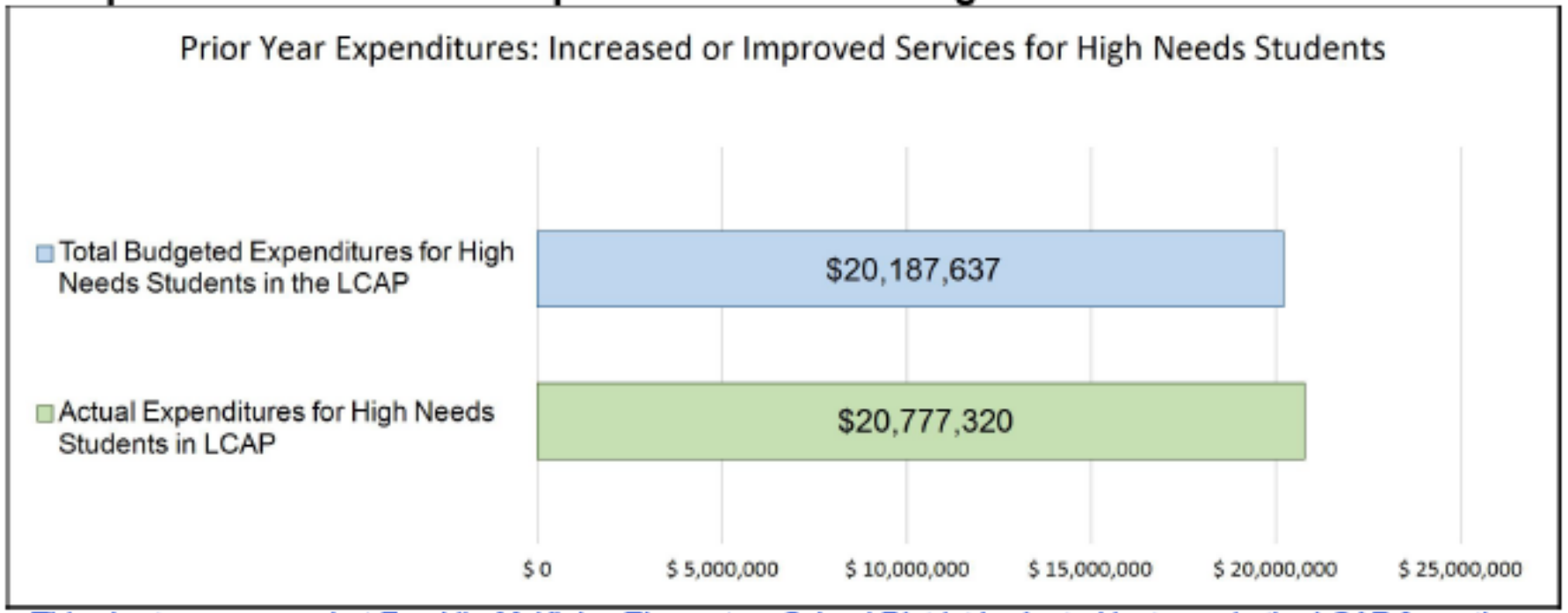


This chart provides a quick summary of how much Franklin-McKinley Elementary School District plans to spend for 2026-27. It shows how much of the total is tied to planned actions and services in the LCAP.

Budget Overview for Parents

LCFF Budget Overview for Parents

Update on Increased or Improved Services for High Needs Students in 2025-26



This chart compares what Franklin-McKinley Elementary School District budgeted last year in the LCAP for actions and services that contribute to increasing or improving services for high needs students with what Franklin-McKinley Elementary School District estimates it has spent on actions and services that contribute to increasing or improving services for high needs students in the current year.

The text description of the above chart is as follows: In 2025-26, Franklin-McKinley Elementary School District's LCAP budgeted $20,187,637 for planned actions to increase or improve services for high needs students. Franklin-McKinley Elementary School District actually spent $20,777,320 for actions to increase or improve services for high needs students in 2025-26.

Negotiations Are Happening In the Room To Develop a Final Budget

Both houses have already concluded their initial post-May Revision hearings

Senate

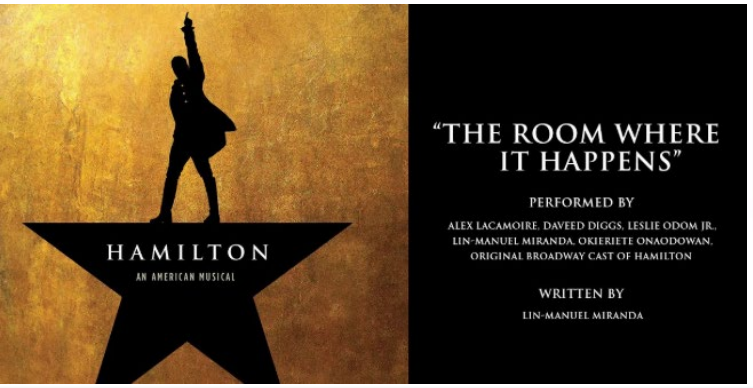
- Senate proposes to move community-based preschool programs into Proposition 98 with a rebench

Assembly

- Assemblymember Darshana Patel (D-San Diego) is interested in investments in other portions of special education, including low-incidence disabilities funding and the extraordinary cost pool
- Subcommittee Chair David Alvarez (D-San Diego) seems to prefer an LCFF-based allocation and less flexible approach to the Student Support and Professional Development Discretionary Block Grant

Legislature

- Both house's pre-May Revision budget outlines rejected the Governor's settle-up proposal
- Both education subcommittee chairs questioned the Governor's discretionary deposit in the Proposition 98 Rainy Day fund



Roadmap

Formal timeline

- May 2026
  - May 14—Deadline for Governor Newsom to release his "May Revision"
- June 2026
  - June 15—Deadline for Legislature to approve their version of the 2026-27 State Budget
  - June 30—Deadline for main State Budget Bill to be signed (trailer bills can be signed after June 30)

Informal Timeline

May 18-28 (approximate)

Assembly Budget Committee and Budget Subcommittee hearings on the May Revision and the 2026-27 state budget package

June 1-5 (approximate)

Deadline for Assembly and Senate to submit proposed 2026-27 legislative budget bill to Legislative Counsel. Discussions with legislators on anticipated Senate-Assembly budget plan, and with administration to advance possible budget agreement

June 8-15 (approximate)

Additional Budget Committee hearing or hearings on anticipated Senate-Assembly budget plan or budget agreement with the administration

June 15

Expected Floor vote on legislative budget bill (which must be in print on or before June 12)

June 22-29 (approximate)

Additional Budget Committee hearing or hearings, and expected Floor votes on budget bill amendments and trailer bills to facilitate a final budget agreement with the administration

Source: Assembly Democrats Road Map to a Responsible & Compassionate Budget

Franklin-McKinley School District

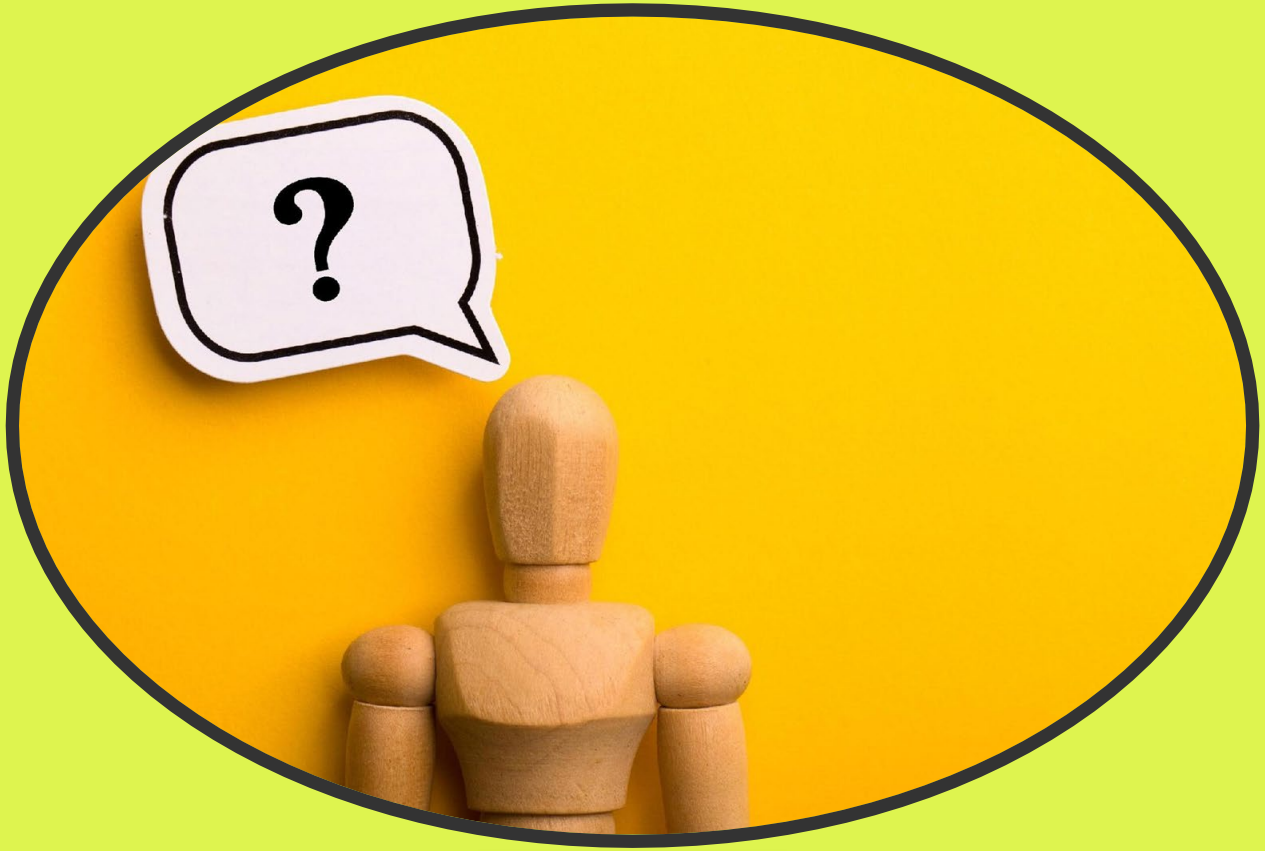
PREPARING ALL CHILDREN AS GLOBAL LEARNERS



Thank you

Question & Answers Time





Appendix



Pregnancy Disability Leave

(Would starts in FY 2026-27)

- The 14 weeks of PDL is available to all school district employees (i.e., full-time, part time, hourly, classified, certificated, and management).
- There are no requirements for this benefit such as hours worked, length of employment, probationary period, etc.
- The length of the leave of absence, including the date on which the leave shall commence and the date on which the employee shall resume duties, shall be determined by the employee and the employee's physician.
- The paid leave may begin before and continue after childbirth if the employee is actually disabled by pregnancy, childbirth, termination of pregnancy, miscarriage, recovery from those conditions and/or other related medical conditions.
- A leave of absence taken under this section shall not be deducted from any other leaves of absence available to the employee pursuant to state or federal regulations or laws.

Pregnancy Disability Leave (Continued)

(Would starts in FY 2026-27)

- Paid amount is based fixed pay. If not fixed pay, on the average weekly pay during the six-month period immediately preceding the date that the employee began their paid leave. If they did not work six months, the total amount of time worked proceeding the leave.
  - If the part-time employee works a fixed number of hours per week, the employee shall receive weekly pay for the total number of hours the employee is normally scheduled to work for the public school employer.
  - If the part-time employee does not work a fixed number of hours per week, the employee shall receive weekly pay in an amount equaling the employee's average weekly pay during the six-month period immediately preceding the date that the employee began their paid leave.
- A public school employer shall maintain group health coverage for an employee who takes a leave of absence under this section for the duration of the leave of absence at the same level and under the same conditions that coverage would have been provided if the employee had not taken a leave of absence.



Other Funds

Other Restricted Funds *(in Millions)*

2026-27 Funds (In Millions)	Cafeteria	Building	Capital Facilities	Capital Outlay	Bond Interest & Redemption	Self Insurance
Beginning Balance *(July 1)*	**$7.18**	**$8.00**	**$11.35**	**$1.56**	**$10.43**	**$1.88**
Revenue	**$8.04**	**$0.30**	**$0.64**	**$0.00**	**$13.34**	**$1.58**
Expenditures	**$7.97**	**$0.80**	**$0.03**	**$0.00**	**$16.24**	**$1.50**
Change Increase/(Decrease)	*$0.07*	*-$0.50*	*$0.61*	*$0.00*	*-$2.90*	*$0.08*
Ending Balance *(June 30)*	**$7.25**	**$7.50**	**$11.96**	**$1.56**	**$7.53**	**$1.96**

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 38091and 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). Transfers from the general fund to Fund 40 authorized 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*

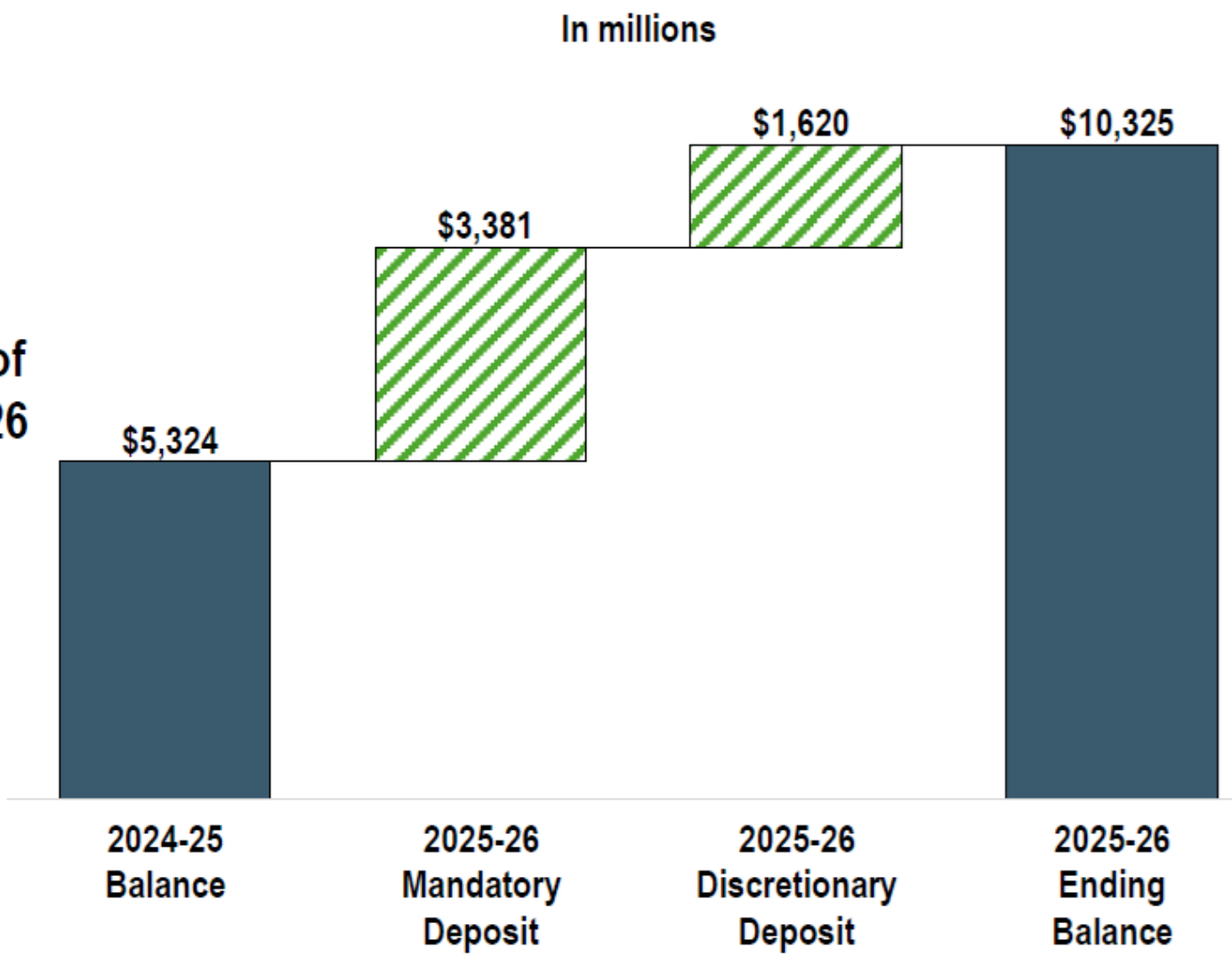
- **Bond Interest and Redemption Fund - This fund is used for the repayment of bonds issued (Education Code sections 15125–15262). Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA. The county auditor maintains 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*

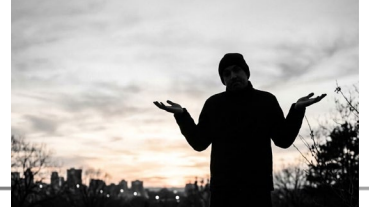
- **Self-Insurance Fund - Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. We use this fund for the dental and vision self-insurance (Education Code Section 17566). Expenses in the Self-Insurance Fund (Fund 67) include the payment 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).**

Proposition 98 Reserve

- Proposition 2 requires deposits be made into the Proposition 98 reserve when capital gains revenue is above average and requires withdrawals when the minimum guarantee is below the prior-year funding level
- The May Revision makes mandatory deposits of $5.3 billion in 2024-25 and $3.4 billion in 2025-26
- In addition, the May Revision makes a discretionary deposit of $1.6 billion in 2025-26, bringing the total reserve balance to $10.3 billion
- The balance of the reserve cannot exceed 10% of the minimum guarantee—for 2025-26, the cap is approximately $12.5 billion



What will be the real cost of the PPDL?



Paid Pregnancy Disability Leave—SAMPLE Calculation

Forecast the fiscal implications of 14 weeks of PPDL—this example uses certificated substitute information

Substitute costs with statutory benefits	▪ Include substitute costs for long-term leaves using the following rates: • $275 / full-day daily substitute rate • $350 / full-day long-term rate
Number of long-term leaves[1]	▪ Use historical data for PPDL leaves during the 2023-24, 2024-25, and 2025-26 school years ▪ Documentation in the human resources (HR) department indicates that there was an annual average of 15 certificated long-term maternity leaves over a three-year period
Certificated employee PPDL estimated leave costs	▪ 14 weeks = 70 work days ▪ Long-term substitute rate = 70 days x $350 = $24,500

Based on the LEA's average annual number of certificated maternity leaves over a three-year period, estimated substitute costs for PPDL for 14 weeks are $367,500 annually

[1]Does not include other leaves—PPDL only

This impacts all staff; Do we now need to hire extra full time staff (in addition to subs) to cover the increased number of leave time for all depts.?

Community Schools

- Eligible schools:
  - At least 65% unduplicated pupils and serve ten or more pupils
  - Existing CCSPP grantees (including those with less than 65% unduplicated pupils)
- For existing grantees, annual allocation will be the greater of their existing annual amount or the new funding level for the period of the implementation grant
- LEAs would need to opt in by November 1, 2026
- LEAs may retain the lesser of $500,000 or 10% of their total CCSPP funds to administer the program
- New accountability and quality components also proposed

Proposed annual funding for eligible schools starting in 2026-27:

School Site Enrollment	Funding
10 to 24	$75,000
25 to 150	$115,000
151 to 400	$190,000
401 to 1,000	$230,000
1,001 to 2,000	$305,000
2,000 or more	$400,000