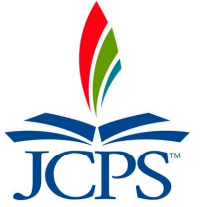


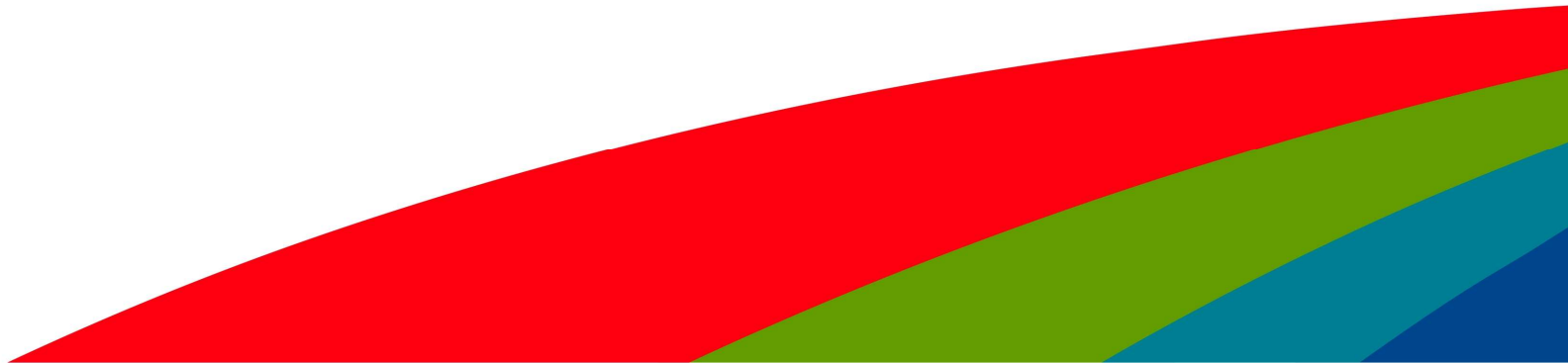
# **2025-26 Working Budget**



# Revenues

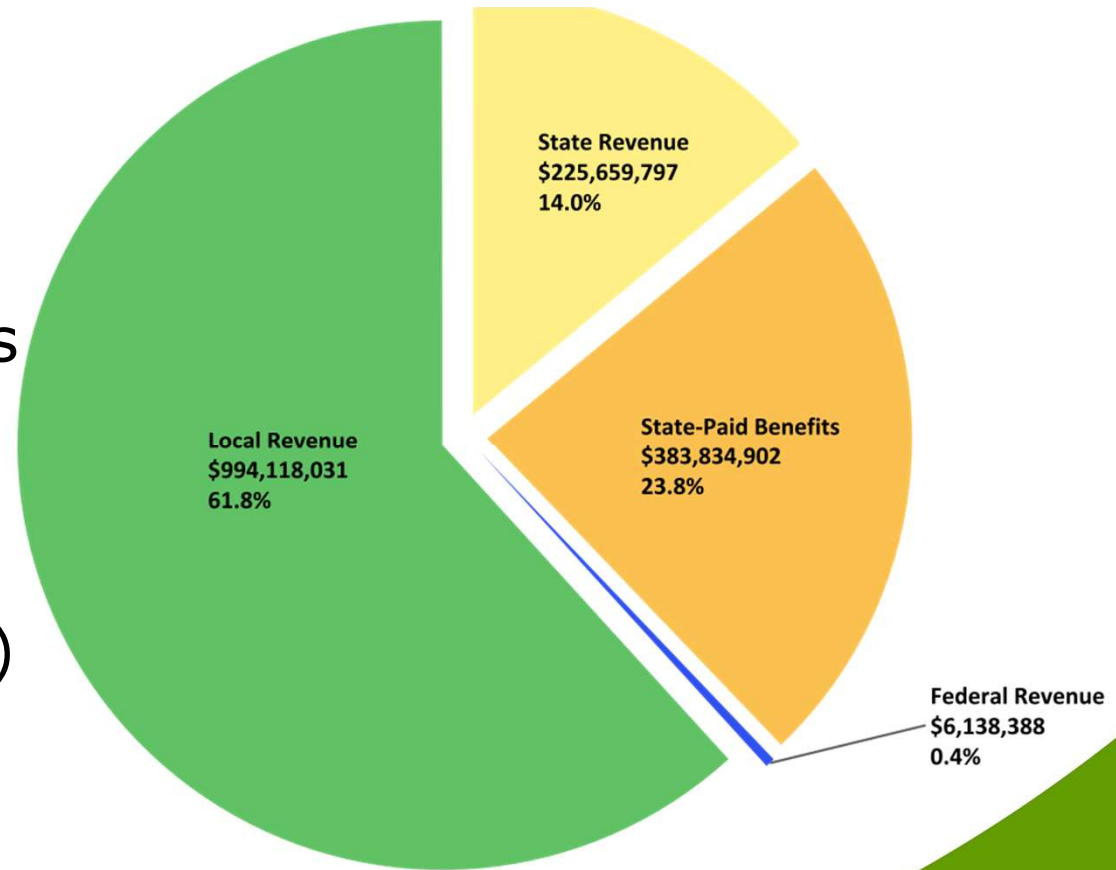


- Property tax assessments increased 6.6%
- Increase in base SEEK and SEEK Transportation
- Local economy and interest revenue forecasted to slow
- Heavily dependent on local taxpayers



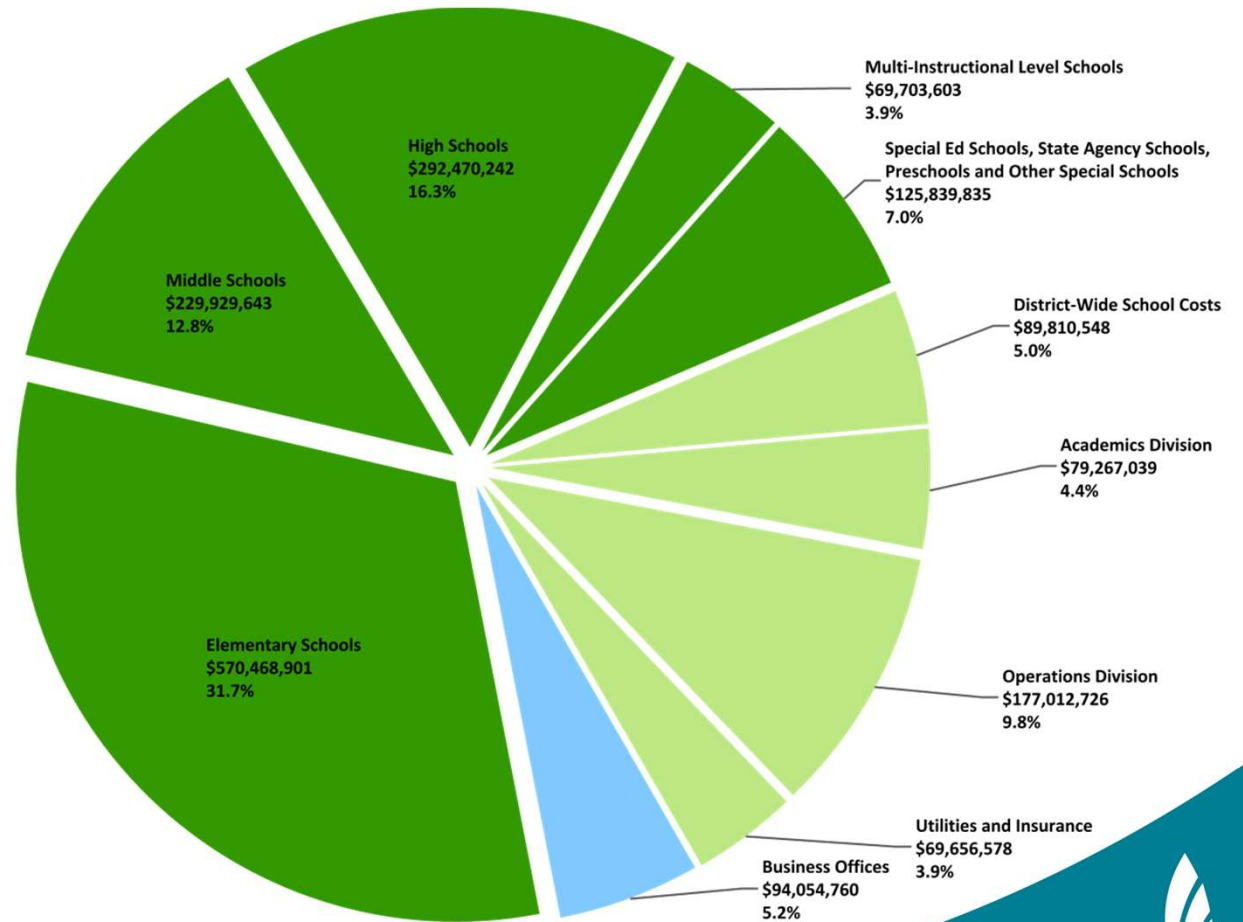
# General Fund Revenues

- Local revenues (61.8%) comprised of Property Taxes and Occupational Taxes
- State revenues (14.0%) are provided mostly by SEEK
- State-paid benefits (23.8%) are the cost of health insurance and TRS employer match that are paid by the state



# General Fund Expenses

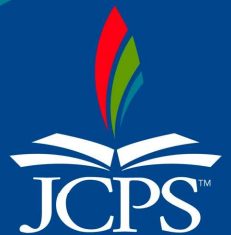
*72% of General Fund budget spent directly on schools*



# Working Budget – Bottom Line

|                                  |                             |
|----------------------------------|-----------------------------|
| Revenues                         | 1,609,751,118               |
| Expenses                         | <u>1,798,213,875</u>        |
| Difference prior to Fund Balance | <u><u>(188,462,757)</u></u> |

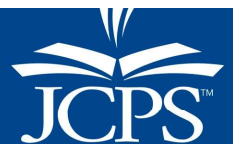
- Deficit requires additional budget reductions for 2026-27
- New budget standards and reporting requirements are being implemented



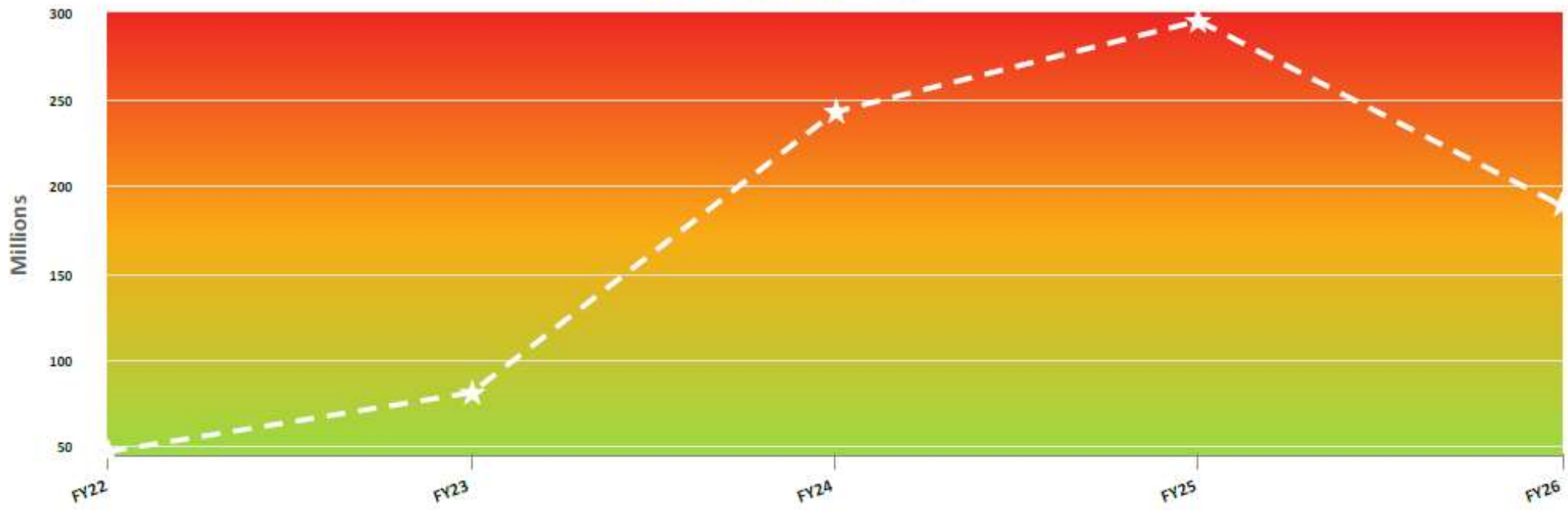
# Revenue From Property Tax

| School Year | Real Estate<br>Rate Per \$100 | JCBE Approval       | School Year | Real Estate<br>Rate Per \$100 | JCBE Approval     |
|-------------|-------------------------------|---------------------|-------------|-------------------------------|-------------------|
| FY2025-26   | <b>71.1</b>                   | 4% revenue rate     | FY 2016-17  | <b>70.8</b>                   | 4% revenue rate   |
| FY2024-25   | <b>73.5</b>                   | 4% revenue rate     | FY 2015-16  | <b>71.0</b>                   | 4% revenue rate   |
| FY2023-24   | <b>76.0</b>                   | 4% revenue rate     | FY 2014-15  | <b>71.0</b>                   | Same rate as PY   |
| FY 2022-23  | <b>76.3</b>                   | 4% revenue rate     | FY 2013-14  | <b>71.0</b>                   | 2% revenue rate   |
| FY 2021-22  | <b>79.6</b>                   | 4% revenue rate     | FY 2012-13  | <b>70.0</b>                   | 4% revenue rate   |
| FY 2020-21  | <b>80.6</b>                   | 4% rate + 5.1 cents | FY 2011-12  | <b>67.7</b>                   | Compensating rate |
| FY 2019-20  | <b>73.6</b>                   | 4% revenue rate     | FY 2010-11  | <b>67.6</b>                   | 4% revenue rate   |
| FY 2018-19  | <b>72.5</b>                   | 4% revenue rate     | FY 2009-10  | <b>64.6</b>                   | 4% revenue rate   |
| FY 2017-18  | <b>70.4</b>                   | 4% revenue rate     |             |                               |                   |

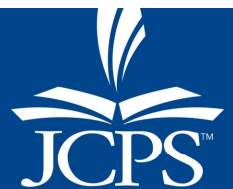
From FY24, FY25 and FY26 Working Budget Reports



JCPS Deficit Over Time



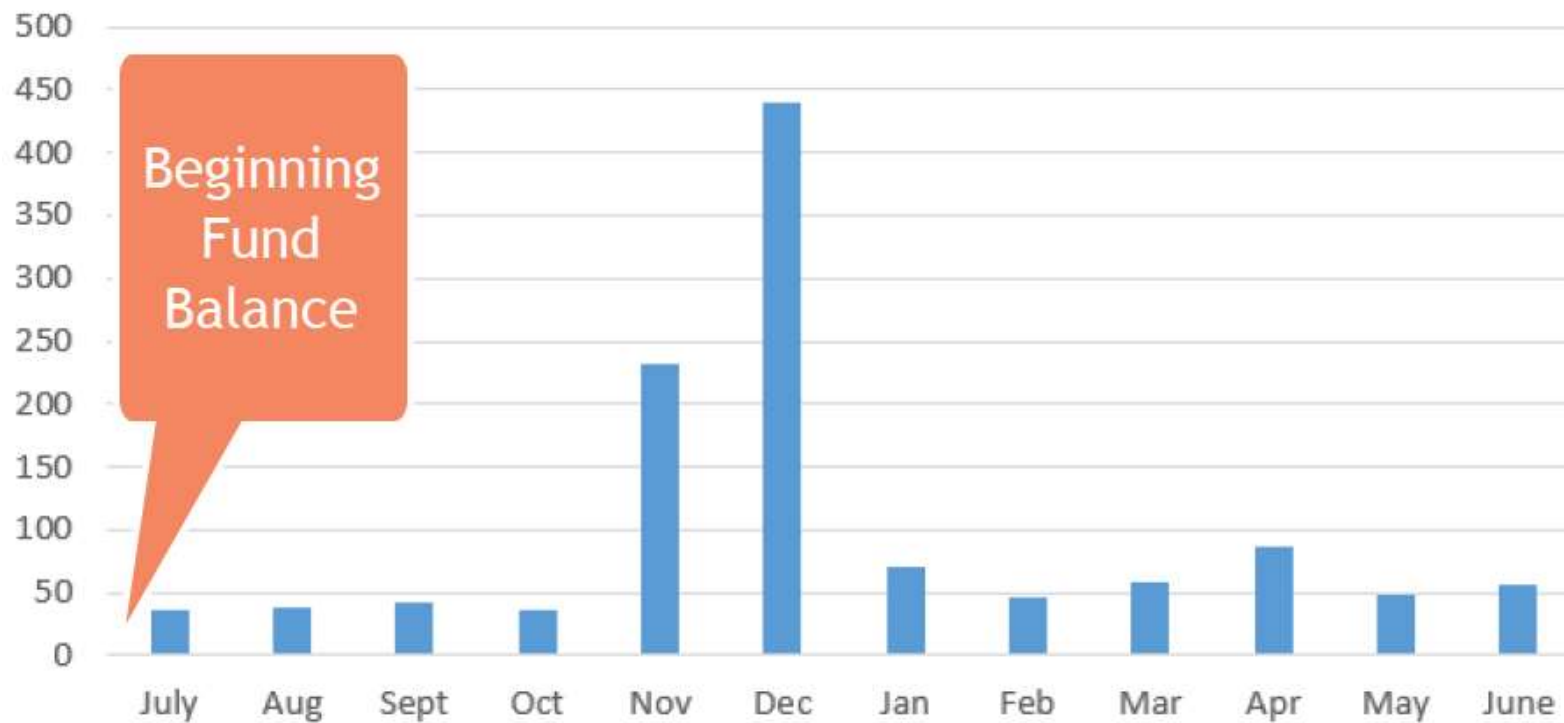
|         | FY22          | FY23          | FY24           | FY25           | FY26           |
|---------|---------------|---------------|----------------|----------------|----------------|
| Deficit | \$ 46,793,056 | \$ 80,852,511 | \$ 242,679,252 | \$ 295,174,474 | \$ 188,462,757 |





# Cash Flow From Revenues

Avg Monthly General Fund Revenues FY24 & FY25  
(millions)





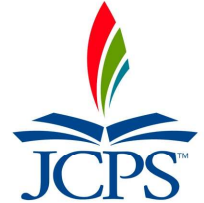
Monthly Cash Balances  
June 2020 through June 2025



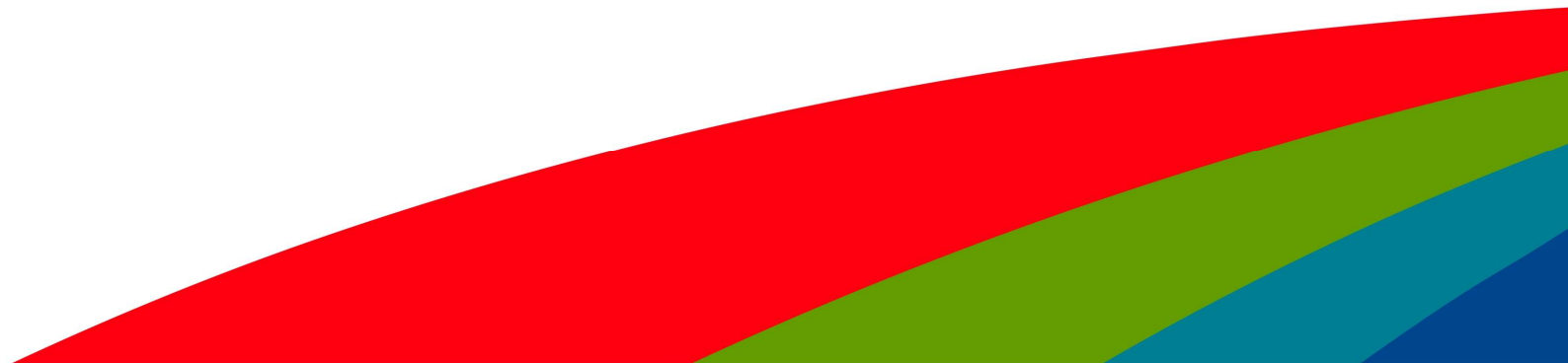
Cash Flows Forecast Based on Forecasted Revenues and Expenses



# Cash Flow Forecasting Funding Cliff in October 2027



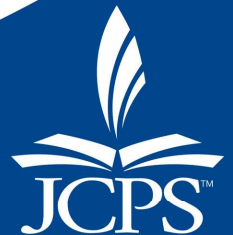
|                  | FY 2019       | FY 2020       | FY 2021               | FY 2022       | FY 2023        | FY 2024                  | FY 2025       | FY 2026       | FY 2027       | FY 2028              |
|------------------|---------------|---------------|-----------------------|---------------|----------------|--------------------------|---------------|---------------|---------------|----------------------|
| BOY CASH ON HAND | \$224,969,016 | \$138,218,261 | \$ 161,290,089        | \$244,617,949 | \$426,888,077  | \$480,138,168            | \$362,967,885 | \$282,809,448 | \$208,827,627 | \$128,358,203        |
| BOY INVESTMENTS  | \$ 65,208,061 | \$113,067,630 | \$ 61,053,600         | \$ 15,340,450 | \$ 14,859,800  | \$ 46,462,561            | \$ 75,116,335 | \$ 80,630,227 | \$ 80,630,227 | \$ 80,630,227        |
| BOY CASH         | \$290,177,077 | \$251,285,891 | <b>\$ 222,343,689</b> | \$259,958,399 | \$441,747,877  | \$526,600,729            | \$438,084,220 | \$363,439,675 | \$289,457,854 | <b>\$208,988,430</b> |
|                  |               |               | \$ 269,010,356        |               | COLAs since 20 | add 4 months of 14% COLA | \$ 46,666,667 |               |               |                      |
|                  |               |               | \$ 272,343,689        |               | future COLAs   | add 4 months of 15% COLA | \$ 50,000,000 |               |               |                      |
|                  |               |               | <b>\$ 275,677,022</b> |               | future COLAs   | add 4 months of 16% COLA | \$ 53,333,333 |               |               |                      |



# Expenses Contributing the Deficit Past Five Years

|   |                       |
|---|-----------------------|
| Annual Facilities and Improvement Funds from FY22 to present.                                 | \$ 61,000,000         |
| Audio Enhancement - Education Paging & Intercom Communications and other technology hardware. | \$ 30,000,000         |
| Athletics Fields from FY21 to present.  | \$ 20,000,000         |
| Weapons Detections Systems installation, equipment and services.                              | \$ 4,000,000          |
| Elementary School Playground projects (FY23 and FY24).  | \$ 3,000,000          |
| <b>TOTAL PAST ONE-TIME INVESTMENTS</b>  | <b>\$ 118,000,000</b> |

From FY24, FY25 and FY26 Working Budget Reports



# Expenses Contributing the Deficit Past Five Years

FY22

Deficit: \$47 million.

COLA: \$0.

Changes to Organizational Chart: \$2 million recurrent.

**Beginning Unassigned Fund Balance: \$40 million.** Students return full time from non-traditional instruction.

**ESSER total expenditures \$271 million.** Federal COVID-relief grant, ESSER, awarded to the District for multi-year support. ESSER expenses in FY22 include: \$78 million employee continuity/incentive pay; \$30 million in technology hardware; \$23 million in curriculum and academic supports; \$25 million employee extra service; \$6 million contract nursing services; \$2 million custodial contract services. ESSER was also used to fund \$61 million in school-chosen operational needs and positions as well as additional District-wide positions for Explore, ELD and ECE teachers.

FY23

Deficit: \$146 million.

4% COLA: \$40 million.

Changes to Organizational Chart: \$2 million recurrent.

**Beginning Unassigned Fund Balance: \$278 million.** Expenses include: \$31 million of General Fund for audio enhancement initiative; \$18 million Racial Equity Funds (middle and high); \$6 million school safety administrators and officers.

**ESSER total expenditures: \$147 million.** ESSER expenses in FY23 include: \$6 million employee continuity/incentive pay; \$4 million in technology hardware; \$25 million in curriculum and academic supports; \$20 million employee extra service; \$8 million contract nursing services; \$7 million custodial contract services.

ESSER was also used to fund \$66 million in school-chosen operational needs and positions as well as additional District-wide positions for Explore, ELD and ECE teachers.

From FY26 Tentative and Working Budget Reports



# Other Expenses Contributing the Deficit Past Five Years

**FY24** Deficit: \$243 million.

**5% COLA: \$50 million.** COLA totals **\$90 million** recurrent expenses since FY23.

**Changes to Organizational Chart: \$9 million recurrent.**

**Beginning Unassigned Fund Balance: \$326 million.** Expenses include: \$40 million Racial Equity Funds (elementary, middle, and high); \$20 million AIS/CZ stipends; Emergency Transportation increases to Central Office personnel and operational needs; \$7 million school safety administrators and officers; \$7 million weapons detection installation.

**The following recurrent expenses were moved out of ESSER into General Fund in FY24:** \$3 million ELD positions added; \$1 million ECE positions added; \$4 million extra service; \$5 million Explore positions and operational; \$11.5 million bus driver incentive pay; \$7 million summer programming; \$20 million Academics curriculum.

**ESSER total expenditures \$80 million.** ESSER expenses in FY24 include: \$2 million in technology hardware; \$16 million in curriculum and academic supports; \$7 million contract nursing services; \$8 million custodial contract services.

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**FY25** Deficit: \$295 million.

**2% COLA: \$20 million recurrent.** COLA totals **\$110 million** recurrent expenses since FY23.

**Changes to Organizational Chart: \$4 million recurrent.**

**Beginning Unassigned Fund Balance: \$266 million.** Expenses include: \$30 million in curriculum supports; \$40 million Racial Equity Funds; \$21 million Athletic Fields (FY23-present); \$12 million contract bus services; \$12 million parent pay stipends; \$11.5 million bus driver incentive pay; \$7 million school safety administrators and officers; \$6 million Kumon tutoring; \$3.75 million Evolve502; \$3 million Playground initiative (FY23-present).

**ESSER total expenditures: \$9 million.** Final year of grant. Expenses include contract service expenses (nursing and custodial services), and allowable indirect costs are posted to close out grant.

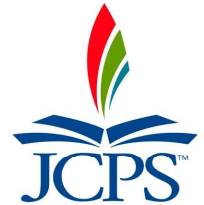
**From FY26 Tentative and Working Budget Reports**

# Increased Recurrent Expenses Past Five Years

| Board-Approved Budget Actions  | Recurrent Expense     |
|--|-----------------------|
| 4% salary increase for FY 2022-23  | \$ 40,000,000         |
| 5% salary increase for FY 2023-24  | \$ 50,000,000         |
| 2% salary increase for FY 2024-25  | \$ 20,000,000         |
| 3% salary increase for FY 2025-26  | \$ 30,000,000         |
| <b>School Racial Equity Funds.</b> Based on a weighted formula using student demographics, schools receive differentiated levels of funding to support the school's Racial Equity Plan to reduce disproportionality. | \$ 35,025,774         |
| <b>AIS and Choice Zone</b> Stipends and Professional Development Days.   | \$ 20,746,647         |
| <b>ESL</b> services expansion FY24 to FY26   | \$ 14,632,978         |
| <b>ECE</b> services expansion FY24 to FY26   | \$ 19,159,955         |
| <b>School Safety.</b> 67 school-based School Safety Administrators.  | \$ 7,548,794          |
| <b>Summer Backpack League</b> expansion.   | \$ 6,400,000          |
| <b>Bus Driver</b> incentive bonuses.   | \$ 6,000,000          |
| <b>Nursing</b> contract services   | \$ 7,000,000          |
| <b>Middle School Teams.</b> Additional classroom teachers for middle schools that elect to develop a master schedule of four-person teacher teams.   | \$ 1,745,942          |
| <b>ELEV8 Learning Centers.</b>   | \$ 3,565,980          |
| <b>From FY24, FY25 and FY26 Working Budget Reports</b>   |                       |
| <b>TOTAL RECURRENT INVESTMENTS</b>   | <b>\$ 261,826,070</b> |



# Cash Flow Forecasting Funding Cliff in October 2027



|                  | FY 2019       | FY 2020       | FY 2021               | FY 2022       | FY 2023        | FY 2024                  | FY 2025       | FY 2026       | FY 2027       | FY 2028              |
|------------------|---------------|---------------|-----------------------|---------------|----------------|--------------------------|---------------|---------------|---------------|----------------------|
| BOY CASH ON HAND | \$224,969,016 | \$138,218,261 | \$ 161,290,089        | \$244,617,949 | \$426,888,077  | \$480,138,168            | \$362,967,885 | \$282,809,448 | \$208,827,627 | \$128,358,203        |
| BOY INVESTMENTS  | \$ 65,208,061 | \$113,067,630 | \$ 61,053,600         | \$ 15,340,450 | \$ 14,859,800  | \$ 46,462,561            | \$ 75,116,335 | \$ 80,630,227 | \$ 80,630,227 | \$ 80,630,227        |
| BOY CASH         | \$290,177,077 | \$251,285,891 | <b>\$ 222,343,689</b> | \$259,958,399 | \$441,747,877  | \$526,600,729            | \$438,084,220 | \$363,439,675 | \$289,457,854 | <b>\$208,988,430</b> |
|                  |               |               | \$ 269,010,356        |               | COLAs since 20 | add 4 months of 14% COLA | \$ 46,666,667 |               |               |                      |
|                  |               |               | \$ 272,343,689        |               | future COLAs   | add 4 months of 15% COLA | \$ 50,000,000 |               |               |                      |
|                  |               |               | <b>\$ 275,677,022</b> |               | future COLAs   | add 4 months of 16% COLA | \$ 53,333,333 |               |               |                      |

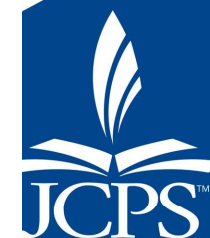
|                  | FY 2026       | FY 2027       | FY 2028              | FY 2029              | FY 2030               | FY 2031               | FY 2032               |
|------------------|---------------|---------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| BOY CASH ON HAND | \$282,809,448 | \$208,827,627 | \$208,358,203        | \$203,161,331        | \$ 195,791,550        | \$ 199,421,770        | \$ 214,051,989        |
| BOY INVESTMENTS  | \$ 80,630,227 | \$ 80,630,227 | \$ 80,630,227        | \$ 80,630,227        | \$ 80,630,228         | \$ 80,630,229         | \$ 80,630,230         |
| BOY CASH         | \$363,439,675 | \$289,457,854 | <b>\$288,988,430</b> | <b>\$283,791,558</b> | <b>\$ 276,421,778</b> | <b>\$ 280,051,999</b> | <b>\$ 294,682,219</b> |

\$ 46,666,667  
\$ 50,000,000  
\$ 53,333,333

\$80 million reduction in 2026-27

# Need Additional Reductions To Fund Unmet Needs

| Category  | Detail of Unmet Funding Needs   | Recurrent Cost        | One-Time Cost     |
|---|---|-----------------------|-------------------|
| Salary Schedule                                       | Revise certain Salary Schedules to be more competitive with market pay rates and to improve our ability to fill needed positions  | \$ 32,000,000         |                   |
| Salary Schedule                                       | Increase COLA annually by 2% (every 1% = \$10,000,000) to maintain rate of inflation and remain competitive among local school Districts and general economic workforce | \$ 20,000,000         |                   |
| Facilities  | Increase Bonding Capacity to meet future facility construction needs in accordance with JCBE Vision Commitments   | \$ 15,000,000         |                   |
| Facilities  | Increase Bonding Capacity to meet facility construction needs to meet remainder of District Facility Plan needs   | \$ 15,000,000         |                   |
| Facilities  | Annual Facilities Improvement Fund (AFIF) increase for repairs and renovations that do not qualify to be bonded   | \$ 7,000,000          |                   |
| Transportation  | Annual Bus Replacement to maintain operational fleet  | \$ 7,000,000          |                   |
| Technology  | Chromebook Replacement to maintain universal access to educational technology for all students across the District (25,000 students per year @ \$160 per unit)          | \$ 4,000,000          |                   |
| Teachers  | Increase by 40 English Learner Development (ELD) teachers every year until we reach a 20:1 student-teacher-ratio  | \$ 3,500,000          |                   |
| Counselors  | Increase by 10 Counselors each year for Multilingual Learners until District reaches 250:1 student-to-Counselor ratio   | \$ 1,500,000          |                   |
| Administration  | Contract management software, as reported in audits in 2014 and 2024, and case management software  |                       | \$ 563,352        |
| <b>From FY26 Tentative and Working Budget Reports</b> |   | <b>\$ 105,000,000</b> | <b>\$ 563,352</b> |



# Setting a Framework for a Budget District Budget Reduction Plan

Budget reductions process for 2026-27 will adhere to three standards:

1. Central Office will assume a higher percent of the reductions than schools
2. Salaries will be maintained, meaning that across-the-board reductions will not be considered
3. We will protect the integrity of the classroom and the student experience



# Actions

## Immediate Cost Controls

- Select hiring pauses
- Non-essential spending reductions
- Program "right sizing" (budget versus actuals) where appropriate
- JCPS Cabinet identified reductions within Divisions
- Internal audit
- Auditor of Public Accounts (HB 6)

# Questions?

