

FREQUENTLY ASKED QUESTIONS (FAQ)

1. What are the sources of Fremont Unified School District's (FUSD) general fund revenue?

The District's general fund revenue is \$382.3 million. They are made up of the following:

Description	Amount (in millions)	Percent
Local Control Funding Formula (LCFF)	\$307.3	80.4%
Federal Revenues	12.8	3.3%
Other State Revenues	50.2	13.1%
Local Revenues and Other Sources	12.0	3.2%
Total Revenues	\$382.3	100.0%

2. What are the uses (expenditures) of FUSD's general fund?

The District's general fund expenditure is \$393.3 million. They are made up of the following:

Description	Amount (in millions)	Percent
Certificated Salaries	\$198.1	50.4%
Classified Salaries	61.4	15.6%
Employee Benefits	58.6	15.0%
STRS on Behalf Amount	15.5	3.9%
Books and Supplies	16.8	4.3%
Services and Operating Expenses	30.8	7.8%
Capital Outlay	7.6	1.9%
Other Expenditures	4.5	1.1%
Total Expenditures	\$393.3	100.0%

3. What is FUSD's projected general fund ending fund balance (EFB) for 2018-19?

The District's projected EFB for 2018-19 is \$19.4 million, which is the total of the prior year EFB plus the surplus/(deficit) for the current year.

Description	Amount (in millions)
Revenues	382.3
- Expenditures	393.3
= Surplus/(Deficit)	(\$11.0)
+ Ending Fund Balance 2017-18	30.3
= Ending Fund Balance 2018-19	\$19.4

4. For FUSD, is the general fund Ending Fund Balance (EFB) the same as the Reserve Amount?

No, EFB is not the same as the Reserve Amount. EFB is made up of two (2) major components, which are “Designation” and “Reserve Amount”.

“Designation” is a portion of the EFB that is earmarked for specific uses to comply with the guidelines of the fund. These are primarily made up of any entitlements that remain unspent at the end of the year (*Examples are Proposition 39 fund – California Clean Energy Jobs Act and Local Donations and Grants from parent organizations to sites*). Designations could also include set aside funds for a fiscal impact of recent labor negotiation settlement or “me too” impact for other bargaining units.

“Reserve Amount” is a portion of the EFB after the Designations are set aside. The rate of reserve is calculated by dividing the Reserve Amount by the total general fund expenditures.

5. What is FUSD’s Reserve and what is the required level of Reserve?

The District’s reserve is 3.0% or \$11.8 million. It is calculated as follows:

Description	Amount (in millions)
Ending Fund Balance	\$19.4
- Designations	7.6
= Reserve Amount	\$11.8
= Reserve Rate (<i>\$11.8 million ÷ \$393.3 million</i>)	3.0%

The State requires that the District maintain a 2.0% reserve and the Board requires an additional 1.0%, for a total of 3.0% reserve. [School Services of California](#) (SSC) recommended to maintain at least 10% reserve. Further, SSC explained that the average reserve of a unified school district in California is nearly 20%.

6. What is the equivalent of a 3% reserve as it relates to the Districts overall financial commitments?

A 3.0% reserve could cover approximately one and half weeks of the District’s overall financial commitments (*Total Expenditures of \$393.3 million ÷ 52 weeks = \$7.6 million weekly commitments; \$11.8 million reserve amount ÷ \$7.6 million weekly commitments = 1.55 weeks*).

7. How much of the District’s general fund budget goes to salaries and benefits of each bargaining unit or employee organization?

As illustrated on Question 2, the total general fund budget is \$393.3 million. The breakdown of the budget by bargaining unit or employee organization is as follows:

Description	Amount (in millions)	Percent
Fremont Unified Teachers Association (FUDTA) Salaries and Benefits	\$222.6	56.6%
California School Employees Association (CSEA) Salaries and Benefits	44.7	11.4%
Service Employees International Union (SEIU) Salaries and Benefits	28.5	7.2%
Fremont School Management Association (FSMA) Salaries and Benefits	22.3	5.7%
STRS on Behalf	15.5	3.9%
Other Expenditures	59.7	15.2%
Total Expenditures	\$393.3	100.0%

8. Over the last 6 years, how much of the general fund budget goes to salaries and benefits of each bargaining unit or employee organization?

Description	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
FUDTA	\$155.9	\$171.7	\$192.9	\$204.6	\$217.2	\$222.6
CSEA	34.8	37.7	41.9	42.7	43.8	44.7
SEIU	15.4	17.3	20.8	23.7	24.9	28.5
FSMA	16.1	18.0	19.9	20.8	21.3	22.2
Total Salaries and Benefits	\$222.2	\$244.7	\$275.5	\$291.8	\$307.2	\$318.0

(in millions)

9. What is the definition of Cost of Living Adjustment (COLA) and how is it applied to the budget?

Cost of Living Adjustment (COLA) is an increase in funding for schools from the state or federal government to compensate for inflation. In California, the law states that schools should receive a certain COLA based on the Implicit Price Deflator for State and Local Government Purchases of Goods and Services.

COLA is applied to Local Control Funding Formula (LCFF) sources and selected state categorical funds. COLA is sometimes applied to federal revenues. COLA is not applied to local revenues.

10. Is there specific law that requires COLA to go straight to employees’ salary increases?

No, there is no specific law that requires COLA to go straight to employees’ salary increases. However, the District and bargaining units or employee organizations enter into salary negotiations each year to discuss and to reach an agreement for a salary increase.

11. What is the intended use of COLA?

COLA is not earmarked for any particular expenses. It is meant to provide additional revenue for school district to be used to cover any increases in costs of doing business, including but not limited to increases in pension contribution, special education costs, utilities, supplies, step and column increases, salary and benefit, and any other operating expenses. COLA could also be used to rebuild the District’s reserve, to designate other one-time expenditures and emergency (unplanned) expenditures.

12. What is the percent of teachers that live in Fremont?

41.3% of the District’s teaching staff live in the City of Fremont. The chart below shows where the rest of the District teaching staff resides:

City	Number of Employees	Percent
Fremont	790	41.3%
San Jose	125	6.5%
Livermore	111	5.8%
Newark	104	5.4%
Hayward	102	5.3%
Union City	91	4.8%
Pleasanton	78	4.1%
Oakland	58	3.0%
San Ramon	47	2.5%
San Leandro	41	2.1%
Castro Valley	35	1.8%
Dublin	34	1.8%
Milpitas	26	1.4%
Alameda	24	1.3%
San Francisco	14	0.7%
Santa Clara	14	0.7%
Redwood City	13	0.7%
Danville	12	0.6%
Other	192	10.0%
Total	1,911	100.0%

13. What is the average salary and employee benefit of a teacher?

The average annual salary and employee benefit of a teacher in the District is \$109,393 (Average salary is \$90,057 and average employee benefit is \$19,336).

14. What are the pension systems in the District?

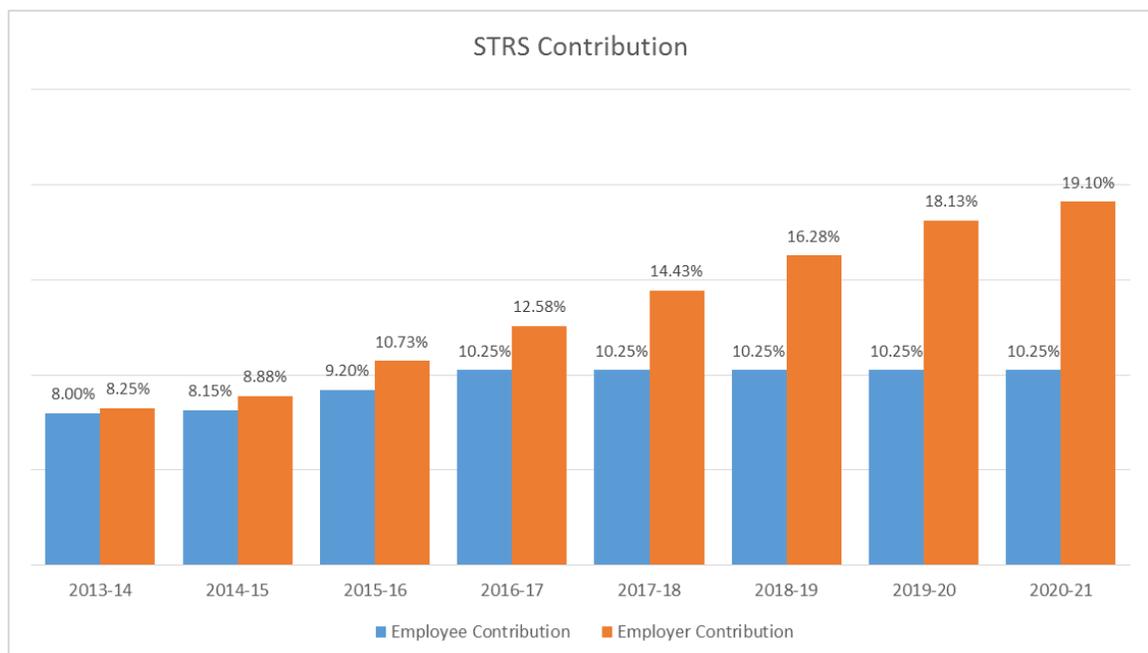
There are two (2) pension systems in the District – State Teachers Retirement System (STRS) and Public Employee Retirement System (PERS).

- STRS is the pension system for certificated staff (e.g. teachers, counselors, nurses, program specialists, psychologists, and speech language pathologist).
- PERS is the pension system for classified staff (e.g. clerical, para-educator, custodian, maintenance and ground staff).

15. Please explain the increasing cost of pension.

STRS

For many years prior to 2014-15, certificated staff contributed 8.0% of their gross pay towards STRS while the District contributed 8.25%. Starting in 2014-15, the State mandated annual increases in contributions from both employees and employers. The employees' contribution increased to 10.25% in 2018-19, while the District's contribution increased to 16.28% in 2018-19 and will continue to increase to 19.10% in the next two (2) years. Below is the illustration of the annual increases in STRS contribution:



PERS

For many years prior to 2014-15, classified staff contributed 7.0% of their gross pay towards PERS while the District contributed 11.44%. Starting in 2014-15, the State mandated annual increase in contribution from the employers. The District's contribution increased to 18.06% in 2018-19 and will continue to increase to 24.50% in the next three (3) years. The contribution from the employees remained the same at 7.0%. Below is the illustration of the annual increases in PERS contribution:

