



# **Folsom Cordova Unified School District**

## **Budget Advisory Committee**

### **Meeting #2**

**February 23, 2022**



# Purpose of Budget Advisory Committee

- The FCUSD Budget Advisory Committee (BAC) is authorized from the Board of Trustees.
- The BAC is comprised of representatives from various District stakeholders including board trustees, union representatives, parents, students, and district staff.
- The goals of the committee are to develop an understanding of the District's budget and financial condition, effectively communicate budget information in a clear and transparent way to FCUSD stakeholders, and to contribute and support a collaborate process.
- Information will be shared on revenues and expenditures and on the status of the State budget and the District's allocation of resources, constraints, and opportunities of funding, timeline, calendar, and the approval process.
- The Committee will make recommendations regarding budget priorities, which align with the district's vision, goals, priorities, Local Control and Accountability Plan (LCAP), and other comprehensive plans.
- All recommendations from the BAC are at the discretion of the Board whether to implement.
- The BAC will be focusing on the 2022-2023 Fiscal Year budget



# Agenda for Today's Committee Meeting

- Review the Budget Calendar for the 2022-2023 fiscal year
  
- Deep dive into enrollment and attendance
  - ⊕ Discuss the factors used for enrollment projection
  
- Review a revised Multi-Year Projection with Governor's Proposal included



# BUDGET CALENDAR



# Budget Calendar for 2022-2023

- Budget calendar outlines key timelines related to building and submitting of budget, interim, and audit documents to the Board and other authorizing agencies include California Department of Education (CDE), Sacramento County Office of Education (SCOE), and district auditors
- Calendar was approved by the Board at the [February 3, 2022 meeting](#)



# ENROLLMENT PROJECTIONS



# Attendance - Why it's important

## ■ Enrollment vs. Attendance

- ⊕ Enrollment is the number of students registered in the district.
- ⊕ Attendance is the number of students “in the seats.”
- ⊕ Funding is based upon attendance, not enrollment.

## ■ Average Daily Attendance (ADA)

- ⊕ District is not funded for every student enrolled but for students that attend each day.
- ⊕ FCUSD attendance is approximately 95% of enrollment.
- ⊕ District receives, on average, 95% of funding but still has 100% of the costs.

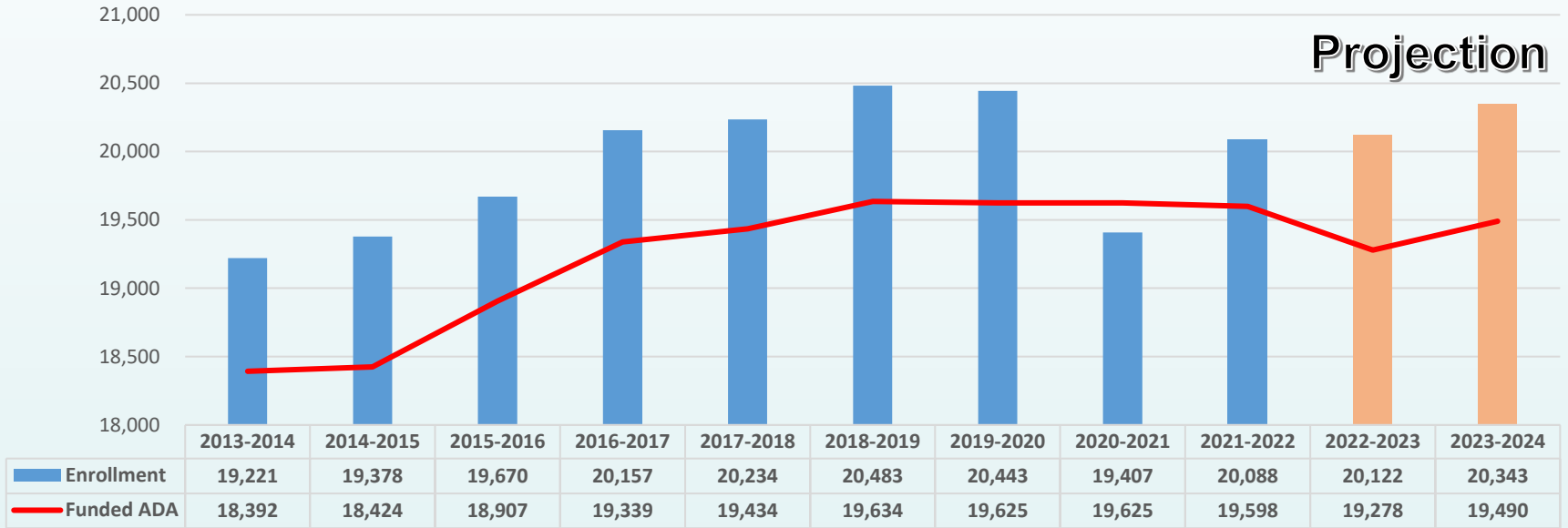
## ■ Local Control Funding Formula (LCFF)

- ⊕ State allows district to take the greater of current or prior year ADA when determining funding.
- ⊕ LCFF is 72% of all general fund revenues and 96.7% of unrestricted revenue funds.
- ⊕ The district LCFF funding amount is funded from a combination of local property taxes and state aid.



# FCUSD Enrollment\* / Attendance History

## Enrollment vs Funded ADA



\* Enrollment excludes Charter, County Office of Education (COE), Adult Education, and Preschool Programs

**Narrative** – The district receives over 72% of revenues from the Local Control Funding Formula (LCFF) which is based upon Average Daily Attendance (ADA). Enrollment is the total number of students enrolled in district schools at Census Day (October); ADA is the Average Daily Attendance of enrolled students. This graph shows the historical enrollment and funded ADA with projections for 2022-2023 and 2023-2024.

In 2020-2021 due to COVID, enrollment dropped by over one-thousand students. Enrollment rebounded in 2021-2022 by 681 students and enrollment is projected to be relatively flat (Increase of 34) for 2022-2023, and some growth (Increase of 221) in 2023-2024.

The district is funded on the greater of current or prior year ADA. For 2021-2022, due to COVID, a hold harmless for ADA is in place and the 2019-2020 ADA will be used instead. In 2022-2023 and 2023-2024, the funded ADA is projected based upon historical 5-year average (pre-COVID) of the ADA-to-Enrollment percentage of 95.8%





# Projecting Enrollment and ADA

- Enrollment projection is used to for multiple purposes
  - ⊕ Budgeting for Multi-Year Projection (MYP) and June Adoption
  - ⊕ Staffing ratios for classroom needs and hiring/reductions
  - ⊕ Instructional materials, technology, or other supply needs
  - ⊕ Facility needs for classroom capacity and anticipated growth
- The main components to determine enrollment for the future include:
  - ⊕ Base enrollment from the current year by grade level (or cohort) moving forward into the following year (Potential growth)
  - ⊕ Additional adjustment factors include new housing development (growth)
  - ⊕ The biggest factor for determining enrollment projections is the TK/K projection (and potential decline due to loss over graduating 12th Cohort)
  - ⊕ Impacts of other influences such as COVID and upcoming immunization requirements (Potential loss)
  - ⊕ Packets from sites help to confirm if trends used for projections are accurate but numbers are inconsistent across the district



# Calculating Cohort Grade Levels

Grade	History						
	2015	2016	2017	2018	2019	2020	2021
Kindergarten	1,514	1,585	1,610	1,506	1,572	1,552	1,409
1	1,416	1,438	1,483	1,556	1,459	1,486	1,441
2	1,501	1,447	1,469	1,520	1,600	1,474	1,441
3	1,581	1,529	1,489	1,509	1,553	1,642	1,442
4	1,515	1,576	1,567	1,513	1,516	1,579	1,606
5	1,567	1,541	1,656	1,589	1,542	1,533	1,522
6	1,532	1,578	1,549	1,601	1,557	1,473	1,503
7	1,554	1,577	1,577	1,534	1,607	1,581	1,451
8	1,495	1,521	1,591	1,591	1,506	1,604	1,525
9	1,547	1,569	1,678	1,657	1,760	1,632	1,737
10	1,464	1,546	1,567	1,663	1,671	1,731	1,601
11	1,428	1,440	1,554	1,511	1,645	1,627	1,688
12	1,389	1,486	1,477	1,553	1,617	1,688	1,730
<b>Total K-12</b>	<b>19,503</b>	<b>19,833</b>	<b>20,267</b>	<b>20,303</b>	<b>20,605</b>	<b>20,602</b>	<b>20,096</b>
Annual Change		1.7%	2.2%	0.2%	1.5%	0.0%	-2.5%

- CBEDS (October census day) Enrollment history since 2015-2016
  - ⊕ This data includes Charter School
- Enrollment growth except for October 2021 due to COVID

■ Survival rate shows change from cohort moving up to next grade level

■ Trends include

- ⊕ Loss moving from K to 1
- ⊕ Average increase of 1% for most elementary grades
- ⊕ 6<sup>th</sup> grade flat or slight loss
- ⊕ 9<sup>th</sup> grade large increase
- ⊕ 11<sup>th</sup> and 12 grade outside norm

	Averages	6-Year	5-Year	4-Year	3-Year	2-Year	1-Year
1		94.9%	94.9%	95.2%	94.8%	93.7%	92.8%
2		101.3%	101.1%	100.8%	100.3%	99.0%	97.0%
3		101.7%	101.7%	101.3%	100.9%	100.2%	97.8%
4		100.6%	100.8%	100.4%	100.0%	99.7%	97.8%
5		101.3%	101.2%	100.2%	99.8%	98.8%	96.4%
6		98.2%	97.8%	97.1%	97.2%	96.8%	98.0%
7		100.4%	99.9%	99.9%	100.1%	100.0%	98.5%
8		99.0%	99.2%	98.8%	98.1%	98.1%	96.5%
9		107.8%	108.4%	107.9%	109.1%	108.3%	108.3%
10		99.4%	99.3%	99.1%	99.1%	98.2%	98.1%
11		98.2%	98.1%	97.6%	97.9%	97.4%	97.5%
12		103.8%	103.7%	104.0%	105.3%	104.5%	106.3%



# New Development Impact to Enrollment

- New Construction South of Highway 50 when fully developed over 20 years, is projected to create over a combined 34,040 homes and apartments and potentially the need for 22 Schools and over 17,000 additional students
- Current projection is an average of 500 new homes within FCUSD boundaries for the next 5 years with at least one new elementary school, and potentially a second elementary. The future MS and HS date is variable based upon buildout
- The current student yield factor is .64 meaning for every new home we can anticipate .64 students so it takes two houses to get 1.28 students

✦ This is broken down further by grade range...

Student Yield Factor	
K-5	0.32
6-8	0.15
9-12	0.14
SDC	0.03
Total	0.64

- These 320 (500 homes x .64 yield factor) additional students are added to the Cohort calculation
- Without this new construction FCUSD would be in declining enrollment



# Calculating TK/K

- FCUSD 12<sup>th</sup> grade cohort is 1,682 and the current year TK/K cohort is 1,448, this trend over time will create declining enrollment once new construction slows
- Calculating the TK/K enrollment is determined by looking at packet information from elementary sites as well as looking at historical trends from Live Birth Rates
  - ✦ Live Birth Rates are tracked by the California Department of Health and Human Services
    - Pull birth data from five years ago from all zip codes that FCUSD overlap and compare to actual enrollment to get a trend line

	History							Projected			
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Live births <i>(Five years prior)</i>	3,600	3,577	3,626	3,311	3,448	3,456	3,394	3,363	3,377	3,297	3,364
Enrollment/Live Births Ratio	42.1%	44.3%	44.4%	45.5%	45.6%	44.9%	44%	44%	44%	44%	44%
KG Enrollment	1,514	1,585	1,610	1,506	1,572	1,552	1,409	1,495	1,501	1,466	1,496
Annual Change	4.5%		1.6%	-6.9%	4.2%	-1.3%	-10.1%	5.8%	0.4%	-2.4%	2.0%

- Expansion of Universal TK will have a positive impact on numbers as age range is phased in to allow all 4 year olds to participate



# Other Factors That May Impact Enrollment/ADA

- The impact of COVID for the 2022-2023 school year are unknown
  - ⊕ The District could see a rebound of enrollment to pre-COVID levels
  - ⊕ Or, the District enrollment could be negatively impacted by the immunization requirements or a new variant
- These factors could create dramatic swings in enrollment that we are unable to project
- Due to the unknown nature making conservative decisions on which trend lines to use is prudent



# Converting Projected Enrollment to ADA

- Once we have a projected enrollment we need to convert this number to ADA to calculate the estimated LCFF funding
  - ⊕ Look at historical enrollment to ADA funding based off of CBEDS enrollment day – 5 year historical average is 95.81% (pre-COVID)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	P-2 Projected 2021-22	Projection 2022-23	Projection 2023-24
Total CBEDS Enrollment	19,356	19,527	19,833	20,308	20,347	20,600	20,586	20,089	20,344	20,378	20,599
CBEDS Charter Enrollment	135	149	163	151	113	117	143	682	256	256	256
CBEDS Enrollment (Non-Charter)	19,221	19,378	19,670	20,157	20,234	20,483	20,443	19,407	20,088	20,122	20,343
Current Year ADA (Excludes COE)	18,392	18,424	18,907	19,301	19,359	19,559	19,625	N/A	18,704	19,278	19,490
ADA/CBEDS Percentage	95.69%	95.08%	96.12%	95.75%	95.67%	95.49%	96.00%	N/A	93.11%	95.81%	95.81%
Funded ADA (Excludes COE)	18,392	18,424	18,907	19,339	19,434	19,634	19,625	19,625	19,598	19,278	19,490

- Finally, we are allowed to choose the higher of current year or prior year ADA for LCFF funding
  - ⊕ Most years the district will use current year ADA due to forecasted growth



# Quick Calculation of Local Control Funding Formula (LCFF)

a	b	c	d	e	f	g	h
Grade Span	Total Funded ADA (Includes COE)	Base Funding per ADA	TK-3 GSA Add-on	9-12 CTE Add-on	Supplemental Add-On	Funding Per ADA	ADA Funding
			=c* 10.4%	=c* 2.6%	= (c + d + e) * 20% * 35.64%	= c + d + e + f	= b * g
TK - 3	5,861.09	\$ 8,093	\$ 842		\$ 637	\$ 9,572	\$ 56,101,690
4 - 6	4,402.06	\$ 8,215			\$ 586	\$ 8,801	\$ 38,740,643
7 - 8	3,110.92	\$ 8,458			\$ 603	\$ 9,061	\$ 28,187,692
9 - 12	6,320.21	\$ 9,802		\$ 255	\$ 717	\$ 10,774	\$ 68,093,023
<b>Total</b>	<b>19,694.28</b>						<b>\$ 191,123,048</b>

**1<sup>st</sup> Step – Determine the Total District ADA** – Under LCFF, base funding is segregated into grade spans and includes students that reside in the district but attend Non-Public School (NPS) programs and County Office of Education (COE) programs. Funding received for COE programs is transferred back to the COE.

**2<sup>nd</sup> Step – Calculate the ADA Funding** – The district ADA is now multiplied by the Base Grant with add-ons for Grade Span Adjustment (GSA), 9-12 CTE, and the Supplemental Grant. The Supplemental Grant is a 20% add-on to the Base Grant multiplied by the percentage of the district population that are eligible for Free/Reduced Meals, are English Language Learners, or are Foster Youth (this figure is known as the Unduplicated Pupil Percentage (UPP). FCUSD’s 3-year average for UPP is 35.64%

**3<sup>rd</sup> Step – Determine the Total Funding** – There are two additional add-ons to the ADA funding that account for the total targeted funding amount - Transportation and Targeted Instructional Improvement Block Grant (TIIG). The sum of all three determines the total LCFF Funding amount.

Finally, the district transfers funds to Fund 14 Deferred Maintenance and to the COE an agreed amount for ADA that are in COE programs.

i	j	k	l	m	n	o
ADA Funding	Add-on Transportation	Add-on TIIG	Total Amount	Deferred Maintenance (Fund 14) Transfer Out	Adjusted LCFF Funding	COE Transfer for ADA
= h			= i + j + k		= m + n	Objt 7142
\$ 191,123,048	\$ 976,737	\$ 749,374	<b>\$ 192,849,159</b>	\$ (650,566)	<b>\$ 192,198,593</b>	<b>\$ (1,091,227)</b>



# MULTI-YEAR PROJECTIONS





# Governor's Proposal for the 2022-2023 Budget

*From School Services of California*

- Projected Cost of Living Adjustment (COLA) increased from 2.48% to 5.33%
  - ⊕ Approximate increase in funding of \$5M on going which was included in 2<sup>nd</sup> interim MYP
- After Governor's proposal the LAO projected a COLA for 2022-2023 of 6.17% - A potential additional on going allocation \$1.6M (*Not included in MYP*)
- Special Education funding would receive COLA and an additional \$500M on-going increase
  - ⊕ Approximately a \$1.9M increase in SPED Funding which was included in MYP
- Proposal to change ADA calculation for funding based on the greater of:
  - ⊕ Current-Year ADA, Prior-Year ADA, or Computed average ADA using the prior three years' ADA
  - ⊕ MYP is using Current Year ADA for 2022-2023 and 2023-2024
    - Three year average for 2022-2023 would be an additional 18 ADA over MYP projection of current year ADA - \$185k in additional funding
    - Three year average for 2023-2024 would be an additional 10 ADA over MYP projection of current year ADA- \$106k in additional funding



# What does the future hold???

## ■ Multi-Year Projection (MYP)

- ⊕ Shows the projected budget for the current year and two years into the future
- ⊕ Required document to ensure financial stability of district and must be signed off by both the Superintendent and CFO.
  - The district must have an ending fund balance that is equal to at least 3% of the year's expenses (EUR).
- ⊕ To “see into the future,” assumptions must be made:
  - Projection of the enrollment and attendance
  - Projection of staff based on enrollment
  - Projection of future incomes and expenditures



# Summary of MYP Revenues as of 2<sup>nd</sup> Interim

REVENUE PROJECTIONS					
	2nd Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
<i>Total LCFF/Taxes</i>	193,120,149	200,092,499	6,972,350	209,358,570	9,266,071
<i>Federal Revenues</i>	36,374,125	16,693,896	(19,680,229)	10,289,147	(6,404,749)
<i>Other State Revenues</i>	44,455,889	36,692,960	(7,762,929)	36,692,960	-
<i>Other Local/Financing Rev</i>	6,342,230	6,892,230	550,000	6,892,230	-
<b>Total Revenues</b>	<b>\$ 280,292,393</b>	<b>\$ 260,371,585</b>	<b>\$ (19,920,808)</b>	<b>\$ 263,232,907</b>	<b>\$ 2,861,322</b>
<i>COLA %</i>	5.07%	5.33%	0.26%	3.61%	-1.72%
<i>Funded Unduplicated %</i>	35.64%	35.03%	-0.61%	35.02%	-0.01%
<i>Enrollment</i>	20,088	20,122	34	20,343	221
<i>Funded ADA</i>	19,694.28	19,396.90	-297.38	19,609.33	212.43

**Narrative** – LCFF funding for 2022-2023 is projecting a loss of 297 ADA due to the elimination of the hold-harmless provision this loss in ADA is offset by a projected COLA of 5.33%. In 2023-2024 LCFF revenues are anticipated to increase by \$9.27M due to a projected increase in ADA of 212 and COLA of 3.61%.

Federal and Other State revenues decrease in 2022-2023 due to COVID related funds and other one-time activities being removed. 2023-2024 Federal Revenues are adjusted for the remaining COVID funding being spent in 2022-2023.

Other Local revenues are projected to be flat with no changes built into the MYP.



# Summary of MYP Expenses

EXPENSE PROJECTIONS					
	2nd Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Certificated Salaries	116,582,529	112,314,259	(4,268,270)	113,372,558	1,058,299
Classified Salaries	43,703,082	46,200,000	2,496,918	45,800,179	(399,821)
Employee Benefits	61,459,667	66,057,021	4,597,354	66,490,867	433,846
<i>Subtotal Personnel Costs</i>	221,745,278	224,571,280	2,826,002	225,663,604	1,092,324
<i>Books &amp; Supplies</i>	16,750,609	10,217,253	(6,533,356)	10,217,253	0
<i>Services &amp; Other Operating</i>	32,402,125	25,880,433	(6,521,692)	24,530,433	(1,350,000)
<i>Capital Outlay</i>	9,267,635	691,822	(8,575,813)	691,822	0
<i>Other Outgo/Support (7xxx)</i>	3,109,344	2,722,104	(387,240)	2,722,104	0
<b>Total Expenses</b>	<b>\$ 283,274,991</b>	<b>\$ 264,082,892</b>	<b>\$ (19,192,099)</b>	<b>\$ 263,825,216</b>	<b>\$ (257,676)</b>
<i>PERS Rate</i>	22.91%	26.10%	3.19%	27.10%	1.00%
<i>STRS Rate</i>	16.92%	19.10%	2.18%	19.10%	0.00%

**Narrative** – The largest expense is for personnel costs; projections include filling of all open positions, ongoing increases for step & column and employer pension payments. When adjusted for one-time activities, salaries and benefits account for over 84% of expenditures in the general fund.

In 2022-2023 one-time COVID related staffing costs (extra duty/pay, subs, etc.) were removed, but COVID funded positions were continued. In 2023-2024, it is budgeted that the remaining COVID funded positions would be eliminated except for the Innovations Academy, whose costs will be moved to the unrestricted general fund, as this is an ongoing program.

All other expense categories are adjusted for one-time activities including COVID related expenses in 2022-2023, and held constant into 2023-2024.



# Multi-Year Projection Summary

	2021-2022	2022-2023	2023-2024
Revenues & Other Financing Sources	280,292,393	260,371,585	263,232,907
Expenditures & Other Financing Uses	283,274,991	264,082,891	263,825,217
Net Increase (Decrease) to Fund Balance	(2,982,598)	(3,711,306)	(592,310)
Beginning Fund Balance	56,820,318	53,837,720	50,126,414
Ending Fund Balance	53,837,720	50,126,414	49,534,104
Required Economic Reserve of 3%	8,498,250	7,922,487	7,914,757
Projected Unrestricted General Fund Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses	19.01%	18.98%	18.78%

	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	160,830,136	119,462,257	166,125,102	94,246,483	174,217,036	89,015,871
Expenditures & Other Financing Uses	163,477,860	119,797,131	169,516,965	94,565,926	174,789,903	89,035,314
Net Increase (Decrease) to Fund Balance	(2,647,724)	(334,874)	(3,391,863)	(319,443)	(572,867)	(19,443)
Beginning Fund Balance	45,386,579	11,433,739	42,738,855	11,098,865	39,346,992	10,779,422
Ending Fund Balance	42,738,855	11,098,865	39,346,992	10,779,422	38,774,125	10,759,979

**Narrative** – At 2<sup>nd</sup> interim the projected unrestricted deficit increases in 2022-2023 to approximately \$3 million and 2023-2024 projects an unrestricted deficit of \$572k. Conservative assumptions were used when creating this MYP so there is a likelihood that the deficit will be lower once all known factors such as ADA, the state budget, and final staffing are recognized.



# WHAT'S NEXT...



# Next Steps Timeline for 2022-2023 Budget

March – April 2022	Budget Advisory Committee Meetings – 3/30, 4/20
March 2022	<ul style="list-style-type: none"><li>• Second Interim Budget</li></ul>
May 2022	<ul style="list-style-type: none"><li>• Governor’s May Revise</li><li>• LCAP Draft</li></ul>
June 2022	<ul style="list-style-type: none"><li>• Adopt 2022-2023 Budget</li><li>• Adopt 2022-2023 LCAP</li></ul>



# Next Budget Advisory Committee Meeting

- Next Meeting on Wednesday, March 30, 2022
  
- Board request to have BAC review
  - ⊕ Potential impacts of all-day kindergarten
  - ⊕ Analysis of legal costs and potential impact of having in-house legal counsel
  
- Other Items?



