



Folsom Cordova Unified School District

Budget Advisory Committee

Meeting #1

January 25, 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



Key Budget Terms to Know

- The General Fund (GF) or fund 01 is the primary account for financial activity in the district and the area of discussion for the Budget Advisory Committee
 - ⊕ The district has other funds, including Charter School (09), Adult Education (11), Preschool (12), Cafeteria(13), facility funds (14-40), and Student Care (63)
- The General Fund is divided into two types
 - ⊕ Unrestricted Resources (0000-1999)
 - Funds can be used for any educational purpose to support educational programs such as utilities, staff salaries, and daily operating costs. Majority of this funding is from attendance funding, known as the local control funding formula (LCFF).
 - Locally created resources under unrestricted funding include Transportation, Site Accounts, Career Technical Education, Medi-Cal Billing, and Supplemental Funding
 - ⊕ Restricted Resources (2000-9999)
 - Also known as “categorical funds” which can only be used for specific purposes such as Special Education, Federal Title Programs, and Routine Repair and Maintenance.
 - For 2021-2022 there are over 80 different accounts budgeted.



More Budget Lingo...

- Ongoing revenues and expenses
 - ⊕ LCFF, Utilities, Supplies
 - ⊕ Things that “Eat” - Personnel
- One-time revenues and expenses
 - ⊕ Grants and special funding like state and federal COVID related funding, transportation grants for electric buses, etc.
 - ⊕ Expense for equipment or program startup costs
 - ⊕ Use of prior-year carryover
 - ⊕ One-time income/expenses can mask or hide overall budget health
- Deficit Spending
 - ⊕ When ongoing expenses are greater than ongoing revenues
 - ⊕ District options for deficit spending:
 - One-time funds may be used to balance budget (short term)
 - Reductions to ongoing expenses
 - Increases to ongoing revenues



More Budget Lingo (cont.)

■ Contributions to Restricted/Local Programs

- ⊕ Contribution from the unrestricted general fund to support programs that have expenditures that exceed state and/or federal funding.
- ⊕ Restricted programs that have contributions from the unrestricted general fund at 1st interim:
 - Home-to-school transportation - \$7M contribution
 - Special Education - \$31M contribution
 - Combined contribution for the 15 accounts for Special Education
 - Routine Repair & Maintenance (RRM) - \$7.5M contribution
 - Required to allocated 3% of expenses and transfers to the program.

■ Ending Fund Balance (EFB)

- ⊕ District Savings Account
- ⊕ Reserve types – Economic Uncertainties Reserve (EUR), Board Reserves, Liabilities, Restricted Funds, etc.
 - Economic Uncertainties Reserve must be at least 3% of the District expenses and transfers out after multi-year projection for the current fiscal year and two future years
 - This reserve level is only equal to approximately two weeks of district payroll



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.

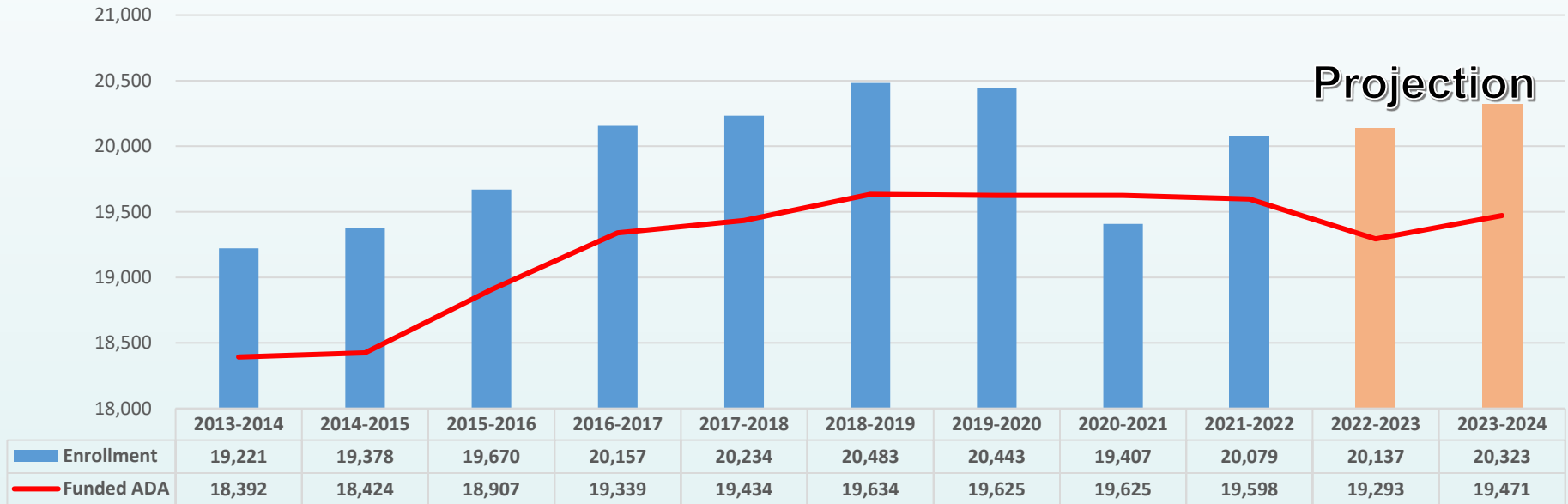
■ Local Control Funding Formula (LCFF)

- ⊕ 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 672 students and enrollment is projected to be relatively flat (Increase of 58) for 2022-2023, and some growth (Increase of 186) 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%



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
			$=c * 10.4\%$	$=c * 2.6\%$	$= (c + d + e) * 20\% * 35.62\%$	$= c + d + e + f$	$= b * g$
TK - 3	5,865.67	\$ 8,093	\$ 842		\$ 637	\$ 9,572	\$ 56,143,432
4 - 6	4,408.98	\$ 8,215			\$ 585	\$ 8,800	\$ 38,800,067
7 - 8	3,082.75	\$ 8,458			\$ 603	\$ 9,061	\$ 27,931,405
9 - 12	6,337.69	\$ 9,802		\$ 255	\$ 716	\$ 10,773	\$ 68,278,854
Total	19,695.09						\$ 191,153,758

1st 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.

2nd 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 35.62%

3rd 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
\$ 191,153,758	\$ 976,737	\$ 749,374	\$ 192,879,869	\$ (650,566)	\$ 192,229,303	\$ (1,056,435)



Where the Money Comes From...

■ LCFF Revenues - \$193.1M

- ⊕ Locally Restricted Supplemental Funds of \$12.6M
- ⊕ Locally Restricted CTE Funds of \$1.7M

■ Federal Revenue – \$30.8M

- ⊕ Title I-IV Programs - \$6.3M
- ⊕ COVID Related Funding (One-Time) - \$18.2M
- ⊕ Special Education - \$4.2M
- ⊕ Grants/CSI/SIG - \$2.1M

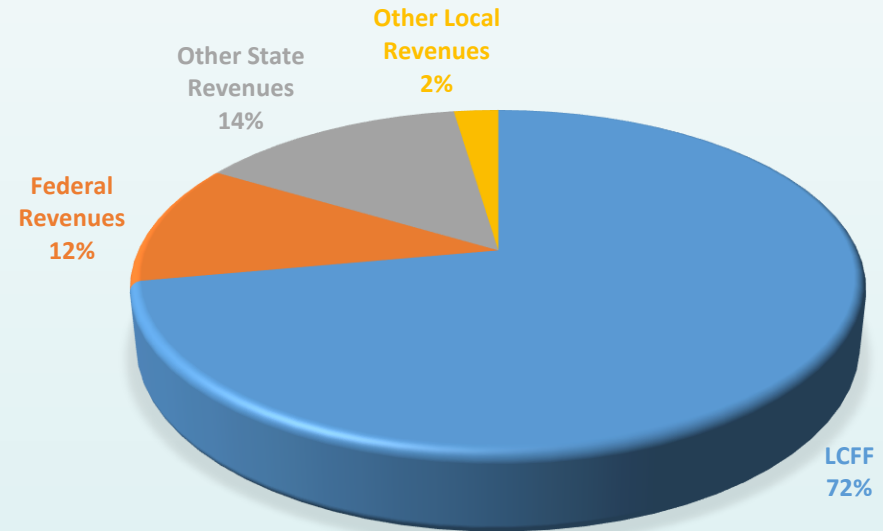
■ Other State Revenues – \$37.7M

- ⊕ Special Education - \$15.7M
- ⊕ Lottery - \$4.1M
- ⊕ CTE/K-12 Strong Workforce - \$1.5M
- ⊕ STRS On-Behalf Entry (Accounting Entry) - \$10.6M
- ⊕ COVID Related Funding (One-Time) - \$3.8M
- ⊕ Grants/Mandated Costs/TUPE/ASES - \$2M

■ Local Revenues – \$6.2M

- ⊕ Over 140 Local Revenue accounts
 - Retiree Insurance Premium Payments - \$1M
 - Interest on Funds - \$400k
 - Facility Use Fees - \$184k
 - Transportation Fees/Charges - \$270k
 - Medical Billing - \$200k
 - Site Grants/Revenues/Activities - \$3.5M
 - Misc. Revenues - \$650k

REVENUES BY TYPE





Where the Money Goes To...

■ Salaries & Benefits - \$213.6M

- ⊕ Certificated Salaries - \$110.4M
- ⊕ Classified Salaries - \$42.8M
- ⊕ Employee Benefits - \$60.4M
 - \$10M for STRS On-Behalf Entry

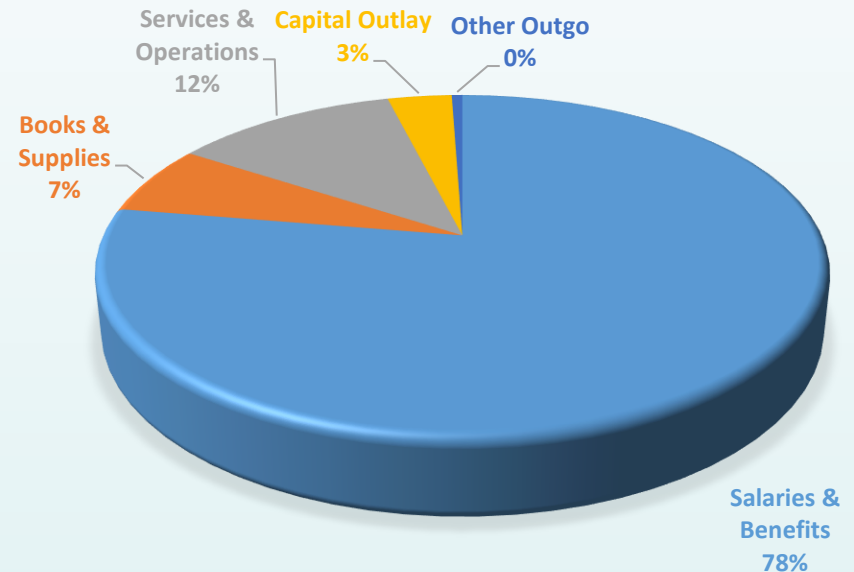
■ Books & Supplies – \$18M

- ⊕ Unrestricted Activities - \$6.4M – Highlights...
 - Supplemental Account - \$1.3M
 - Transportation - \$788k
 - School Site Allocations - \$1.8M
 - Education Technology Information Systems (ETIS) - \$1.5M
 - Custodial/Operations - \$728k
- ⊕ Restricted - \$11.6M...Highlights....
 - COVID Related Programs – \$3.9M
 - Special Education – \$980k
 - Title I-IV Programs - \$1M
 - Lottery Instructional Materials - \$2.6M
 - CTE/K-12 Strong Workforce - \$946k

■ Services & Other Operations – \$32.7M

- ⊕ Unrestricted Activities - \$13M – Highlights...
 - District Insurance Coverage - \$1.4M
 - Retire Benefits Premiums - \$1M
 - Supplemental Account - \$931k
 - School Site Allocations - \$640M
 - Education Technology Information Systems (ETIS) - \$1.5M
 - Custodial/Utilities/Operations - \$5.9M
- ⊕ Restricted - \$19.7M...Highlights....
 - COVID Related Programs – \$6M
 - Special Education – \$6.6M
 - Title I-IV Programs - \$1.3M
 - Routine Repair and Maintenance - \$2M
 - School Site Activity - \$2M

EXPENDITURES BY TYPE



■ Capital Outlay – \$9.3M

- ⊕ Unrestricted Activities - \$2.6M – Highlights...
 - Transportation - \$2M
- ⊕ Restricted - \$6.7M...Highlights....
 - COVID Related Programs – \$6.4M
 - Routine Repair and Maintenance - \$200k

■ Other Outgo – \$1.5M

- ⊕ Transfer to SCOE LCFF - \$1M
- ⊕ Special Education Tuition State/COE - \$400k



Budget Summary at 1st Interim

	2021-2022 Adopted Budget			2021-2022 1st Interim Budget			Difference 1st Interim vs Adopted		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Total Revenue	199,474,102	45,431,915	244,906,017	198,884,907	69,028,534	267,913,441	(589,195)	23,596,619	23,007,424
Total Expenditures	153,872,836	82,226,717	236,099,553	161,668,725	113,520,248	275,188,973	7,795,889	31,293,532	39,089,420
Excess/(Deficiency)	45,601,266	(36,794,802)	8,806,464	37,216,182	(44,491,714)	(7,275,532)	(8,385,084)	(7,696,912)	(16,081,996)
Other Financing Sources	(37,568,116)	36,546,251	(1,021,865)	(38,888,859)	37,829,754	(1,059,105)	(1,320,743)	1,283,503	(37,240)
Net Inc/Dec to Fund Bal	8,033,150	(248,551)	7,784,599	(1,672,677)	(6,661,960)	(8,334,637)	(9,705,827)	(6,413,409)	(16,119,236)
Beginning Balance	45,386,579	11,433,739	56,820,318	45,386,579	11,433,739	56,820,318			
Ending Balance	53,419,729	11,185,188	64,604,917	43,713,902	4,771,779	48,485,681			

Narrative – After all updates for first interim, the District is anticipating an unrestricted deficit of \$1.67M in 2021-2022. This is a net decrease of \$9.7M over the June adopted budget, and is primarily driven by the recognition of the salary negotiations with all bargaining groups for 2020-2021 and 2021-2022 that was approved by the Board on 6/17/2021 which was not included in the adopted budget. Additionally, the cost for the 2022-2023 negotiations settlement with the CSEA bargaining group which was approved by the Board on 10/07/2021 is included at 1st interim.

It should be noted that the district has many unfilled positions and currently the budget includes cost related to hiring these positions for the remainder of the 2021-2022 year, and therefore additional savings to salaries and benefits will most likely occur which will lower the deficit when updated at 2nd interim, and closing of the accounts.



Components of the Ending Fund Balance

Narrative – The “Ending Fund Balance” is made up of the resources that are required or remain after expenditures are deducted from the total budget amount.

Folsom Cordova Unified School District is required to have a minimum reserve of 3% of budgeted expenses for economic uncertainty based upon the District’s enrollment size.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external agencies (i.e. State & Federal programs).

Committed fund balance includes funds that may be used for specific purposes stipulated by formal action of the Board.

Assigned fund balance comprises amounts intended to be used for district defined purposes but no formal action has been taken.

Distribution of Ending Fund Balance and Reserves 1st Interim Budget 2021-2022		
Revolving Cash		\$ 75,000
Restricted Accounts		\$ 4,771,779
<i>RESOURCE 5640: Medi-Cal Billing Option</i>	\$ 1,657,530	
<i>RESOURCE 6300: Lottery: Instructional Materials</i>	\$ 2,363,543	
<i>RESOURCE 6546: Special Education Mental Health Services</i>	\$ 5,495	
<i>RESOURCE 7311: Classified School Employee PD Grant</i>	\$ 124,310	
<i>RESOURCE 7388: COVID-19 LEA Response Funds</i>	\$ 313,744	
<i>RESOURCE 8150: Routine Repair & Maintenance</i>	\$ 272,839	
<i>RESOURCE 9010: Other Restricted Local</i>	\$ 34,318	
Committed		\$ 5,823,610
<i>Cash with Fiscal Agent - Trust Account PERS/STRS</i>	\$ 5,823,610	
Assigned		\$29,515,293
<i>RESOURCE 0042: Common Core State Standards - Tech/PD</i>	\$ 3,354,417	
<i>RESOURCE 0300: Donations/Fundraisers</i>	\$ 2,134	
<i>RESOURCE 0485: Medi-Cal Billing Admin</i>	\$ 945,079	
<i>RESOURCE 0489: Project Lead The Way</i>	\$ 2,919	
<i>RESOURCE 0711: Supplemental Funding (EL/LI)</i>	\$ 6,487,847	
<i>RESOURCE 0712: Career and Technical Education</i>	\$ 9,304	
<i>RESOURCE 0820/0850: Retiree Benefits District Contributions</i>	\$ 80,050	
<i>Liability - Compensated Absences for 12 Month Employees</i>	\$ 1,544,996	
<i>Set-aside for Chromebooks</i>	\$ 1,000,000	
<i>Set-aside for 2022-2023</i>	\$16,088,547	
Reserve for Economic Uncertainty		\$ 8,300,000
% of Expense	3.00%	
Undesignated Fund Balance		\$ 0
Total Distribution of Ending Fund Balance		\$48,485,681



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 1st Interim

REVENUE PROJECTIONS					
	1st Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Total LCFF/Taxes	193,150,859	195,071,782	1,920,923	202,749,255	7,677,473
Federal Revenues	30,786,400	16,913,219	(13,873,181)	10,508,470	(6,404,749)
Other State Revenues	37,724,430	34,207,351	(3,517,079)	34,207,351	-
Other Local/Financing Rev	6,379,887	6,379,887	-	6,379,887	-
Total Revenues	\$ 268,041,576	\$ 252,572,239	\$ (15,469,337)	\$ 253,844,963	\$ 1,272,724
COLA %	5.07%	2.48%	(2.59%)	3.11%	0.63%
Unduplicated %	35.62%	34.99%	(0.63%)	34.96%	(0.03%)
Enrollment	20,079	20,137	58	20,323	186
Funded ADA	19,695.09	19,389.71	(305.38)	19,567.53	177.82

Narrative – LCFF funding for 2022-2023 is projecting a loss of 305 ADA due to the elimination of the hold-harmless provision this loss in ADA is offset by a projected COLA of 2.48%. In 2023-2024 LCFF revenues are anticipated to increase by \$7.67M due to a projected increase in ADA of 177 and COLA of 3.11%.

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					
	1st Interim 2021 - 2022	Projection 2022 - 2023	Change 21-22 vs 22-23	Projection 2023 - 2024	Change 22-23 vs 23-24
Certificated Salaries	110,400,022	110,895,869	495,847	111,922,964	1,027,095
Classified Salaries	42,817,805	46,194,100	3,376,295	45,794,209	(399,891)
Employee Benefits	60,372,242	66,117,671	5,745,429	66,544,409	426,738
<i>Subtotal Personnel Costs</i>	213,590,069	223,207,640	9,617,571	224,261,582	1,053,942
<i>Books & Supplies</i>	18,048,306	10,217,189	(7,831,117)	10,217,189	-
<i>Services & Other Operating</i>	32,712,867	26,708,175	(6,004,692)	26,708,175	-
<i>Capital Outlay</i>	9,304,677	728,864	(8,575,813)	728,864	-
<i>Other Outgo/Support (7xxx)</i>	2,720,294	2,683,054	(2,720,294)	2,683,054	-
Total Expenses	\$ 276,376,213	\$ 263,544,922	\$ (12,831,291)	\$ 264,598,864	\$ 1,053,942
<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	268,041,576	252,572,239	253,844,963
Expenditures & Other Financing Uses	276,376,213	263,544,922	264,598,864
Net Increase (Decrease) to Fund Balance	(8,334,637)	(10,972,683)	(10,753,901)
Beginning Fund Balance	56,820,318	48,485,681	37,512,998
Ending Fund Balance	48,485,681	37,512,998	26,759,097
Required Economic Reserve of 3%	8,291,286	7,906,348	7,937,966
Projected Unrestricted General Fund Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses	17.54%	14.23%	10.11%

	2021-2022		2022-2023		2023-2024	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	160,746,048	107,295,528	158,617,457	93,954,782	165,148,182	88,696,781
Expenditures & Other Financing Uses	162,418,725	113,957,488	168,869,711	94,675,211	175,481,654	89,117,210
Net Increase (Decrease) to Fund Balance	(1,672,677)	(6,661,960)	(10,252,254)	(720,429)	(10,333,472)	(420,429)
Beginning Fund Balance	45,386,579	11,433,739	43,713,902	4,771,779	33,461,648	4,051,350
Ending Fund Balance	43,713,902	4,771,779	33,461,648	4,051,350	23,128,176	3,630,921

Narrative — At 1st interim the projected unrestricted deficit increases in 2022-2023 to approximately \$10 million. However, the Legislative Analyst's Office recently released their projections for the state budget and there is a high likelihood of increased funding for 2022-2023 including a higher COLA.



Summary of 1st Interim Budget

- The district has a **Positive Certification** at 1st Interim for 2021-2022, meaning it can meet the 3% economic reserve in the current and subsequent two years.
- However, due to COVID enrollment loss and rising personnel costs it is projected that the district will have a significant structural deficit by 2022-2023.
- The district must continue to take action to adjust the budget to mitigate the deficit by prioritizing goals and programs using the LCAP process.
- The district Budget Advisory Committee will start meetings in January to find financial solutions to present to the LCAP Committee and the Board to help mitigate the increasing deficit.
- District staff will continue to monitor enrollment, staffing, reserve levels, and cash flow to ensure the financial well-being of the district.
- ***BUT WAIT...*** The Governor's January Budget Proposal was released and there is a better outlook for the state budget and schools from the projections included in the MYP.



Governor's Proposal for the 2022-2023 Budget

From School Services of California

- Robust state revenues provide the state General Fund with a surplus of \$45.7 billion for the 2022-23 fiscal year
- Significant increases projected for Personal Income Tax and Sales and Use Tax, two of the Big Three taxes
 - ⊕ Personal income tax (PIT) revenues make up two-thirds of state revenues and 70% of the Big Three revenues
 - ⊕ Nearly 50% of state income tax is paid by just 1% of Californians making PIT a volatile revenue source
- While there are many positive economic indicators, there is still a level of economic uncertainty due to the unpredictability of COVID-19
- Inflation has become a major concern as the cost of everyday goods and services continue to rise to levels not seen since 1982
- Some highlights that would benefit FCUSD
 - ⊕ Projected Cost of Living Adjustment (COLA) increased for from 2.48% to 5.33%
 - ⊕ Proposal to change ADA calculation for funding would be based on the greater of:
 - Current-Year ADA, Prior-Year ADA, or Computed average ADA using the prior three years' ADA
 - ⊕ Special Education funding would receive COLA and an additional \$500M on-going increase
 - ⊕ Universal Meals for Breakfast and Lunch would be 100% free



Next Steps Timeline for 2022-2023 Budget

February – April 2022	Budget Advisory Committee Meetings – 2/23, 3/30, 4/20
February – March 2022	• LCAP Stakeholder Forums – DELAC & DAC – Meet in January, Parent Summit 2/2, FCLA 2/28, CSEA/FCEA – 2/9 & 2/14
March 2022	• Second Interim Budget
May 2022	• Governor's May Revise • LCAP Draft
June 2022	• Adopt 2022-2023 Budget • Adopt 2022-2023 LCAP



Next Budget Advisory Committee Meeting

- Meeting on February 23, 2022
- Review the Budget Calendar for the 2022-2023 fiscal year
- Deep dive into enrollment and attendance
 - ⊕ Discuss the factors used for enrollment projection
 - ⊕ How is attendance for 2021-2022?
 - ⊕ What do we expect for 2022-2023?
 - ⊕ How does the Governor's ADA Proposal impact LCFF?
- Review a revised Multi-Year Projection with Governor's Proposal included



Questions?