

Folsom Cordova Unified School District

Budget Advisory Committee
May 7, 2025



Agenda Topics

- Updated 2024-2025 Attendance and Enrollment Projections
- Updated Multi-Year Projections (MYP) Due to Updated Enrollment & COLA
- District Reserve Levels: An Overview
- Budget Advisory Committee 2025-2026



Updated 2024-2025 Attendance



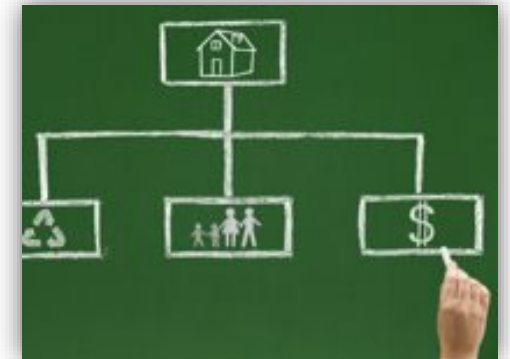
Historical Attendance (ADA) and Enrollment (2024-2025)

	2023-2024 Actuals as of 3.29.2024	2024-2025 Budget Development	2024-2025 1st Interim as of 10.25.24	2024-2025 2nd Interim as of 01.31.25	2024-2025 Est. Actuals as of 03.28.25
TK-12 Enrollment	20,957	21,484	21,596	21,599	21,611
TK-12 ADA	19,774.78	20,489.28	20,596.10	20,496.68	20,442.45
Daily Attendance Rate	94.36%	95.37%	95.37%	94.90%	94.59%
CBEDS Enrollment (Inc. NPS)	20,828	21,548	21,642	21,630	21,630
Total District ADA (Inc. NPS/Annual)	19,897.34	20,578.72	20,690.31	20,583.64	20,536.23
CBEDS Attendance Rate	95.53%	95.50%	95.60%	95.16%	94.94%

In 2023–2024, the actual Average Daily Attendance (ADA) rate reached 95.53%, reflecting a positive trend in attendance recovery. This was due to enrollment growth after CBEDS, this trend was assumed for 2024-2025 as well.

Based on this improvement, a higher ADA percentage was initially projected for the 2024–2025 fiscal year through 1st interim. However, both attendance rate and enrollment growth dropped after 1st interim generating a decrease in ADA.

From 1st to 2nd interim, the decrease in LCFF funding was projected of \$1.2 million. Additionally, it is projected that the LCFF will drop an additional \$860k from 2nd interim to estimated actuals.



Multi-Year Projection



COLA IMPACT

The projected COLA for 2025–2026 has been revised downward from 2.43% at 2nd interim to 2.30%, a change that is expected to be formally announced in the Governor’s May Revision.

This adjustment will result in lower-than-expected funding increases for LCFF and other COLA-driven revenue sources, contributing to the downward pressure on future year projections.

This adjustment is estimated to decrease LCFF funding by \$300k over 2nd interim budget projection.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Statutory COLA for 2025-26 Is 2.30%

✓ BY DAVE HECKLER

✓ BY MATT PHILLIPS, CPA

PRINT

posted April 30, 2025

Today, April 30, 2025, the U.S. Department of Commerce released the 2025 first quarter value of the implicit price deflator for state and local government goods and services, which provides the final data point needed to calculate the 2025-26 statutory cost-of-living adjustment (COLA) for K-14 education per Education Code Section 42238.02(d)(2).

The latest data point sets the statutory COLA for 2025-26 at 2.30%, which is below the forecasted 2.93% when the 2024-25 State Budget was enacted. The calculation of the statutory COLA is unrelated to state factors. Rather, the COLA is calculated based on nationally aggregated data of state and local government consumption.

2025-26 Statutory COLA

Date	COLA Percentage	Source
July 2024	2.93%	2024-25 Enacted Budget
November 2024	2.46%	LAO's Fiscal Outlook
January 2025	2.43%	Governor's 2025-26 Budget Proposal
April 2025	2.30%	Statutory COLA for 2025-26

*Legislative Analyst's Office

Between the release of the May Revision and the enactment of the 2025-26 State Budget, the Governor and Legislature must determine if there will be sufficient revenues in 2025-26 to fund the statutory COLA. As noted in the recent *Fiscal Report* article, "[April Tax Revenues Meeting Expectations](#)," the state's revenues are ahead of schedule for the 2024 calendar year. However, geopolitical policies have created uncertainty which is highlighted in the current major stock market indices. Those indices have a direct correlation to state income due primarily to the state's progressive tax structure. The Governor will unveil his May Revision in less than two weeks, which will provide clarity on how his office views the near-term forecast for the state economy.

UPCOMING WORKSHOPS

May Revision Workshop
School Services of California Inc. (SSC) is pleased to continue offering the 2025-26 May Revision Workshop as a live webinar on Wednesday,...

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FEATURED ARTICLES

April Tax Revenues Meeting Expectations
The State Controller's Office, via its

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ARTICLE TOPICS

COST-OF-LIVING ADJUSTMENT

2nd Interim MYP Projections Updated

	2023-2024 Actuals as of 3.29.2024	2024-2025 Est. Actuals as of 3.28.25	2025-2026 MYP as of 2nd Interim	2025-2026 MYP as of Est. Actuals
TK-12 Enrollment	20,957	21,611	22,153	21,935
TK-12 ADA	19,774.78	20,442.45	21,127.08	20,838.01
Daily Attendance Rate	94.36%	94.59%	95.37%	95.00%
CBEDs Enrollment (Inc. NPS)	20,828	21,630	22,233	22,016
Total District ADA (Inc. NPS/Annual)	19,897.34	20,536.23	21,242.39	20,953.32
CBEDS Attendance Rate	95.53%	94.94%	95.54%	95.17%

Due to the recent decline in the ADA percentage reported at P-2, along with emerging concerns regarding enrollment trends, the projections for 2025–2026 have been revised downward from 2nd interim estimates with enrollment reduced by 217 (including NPS).

Due to lower projected attendance rates and enrollment total ADA will be lowered by 289, which is projected to decrease LCFF funding by \$4 million in 2025-2026.

FCUSD Estimated Changes in Fund Balance Reserves

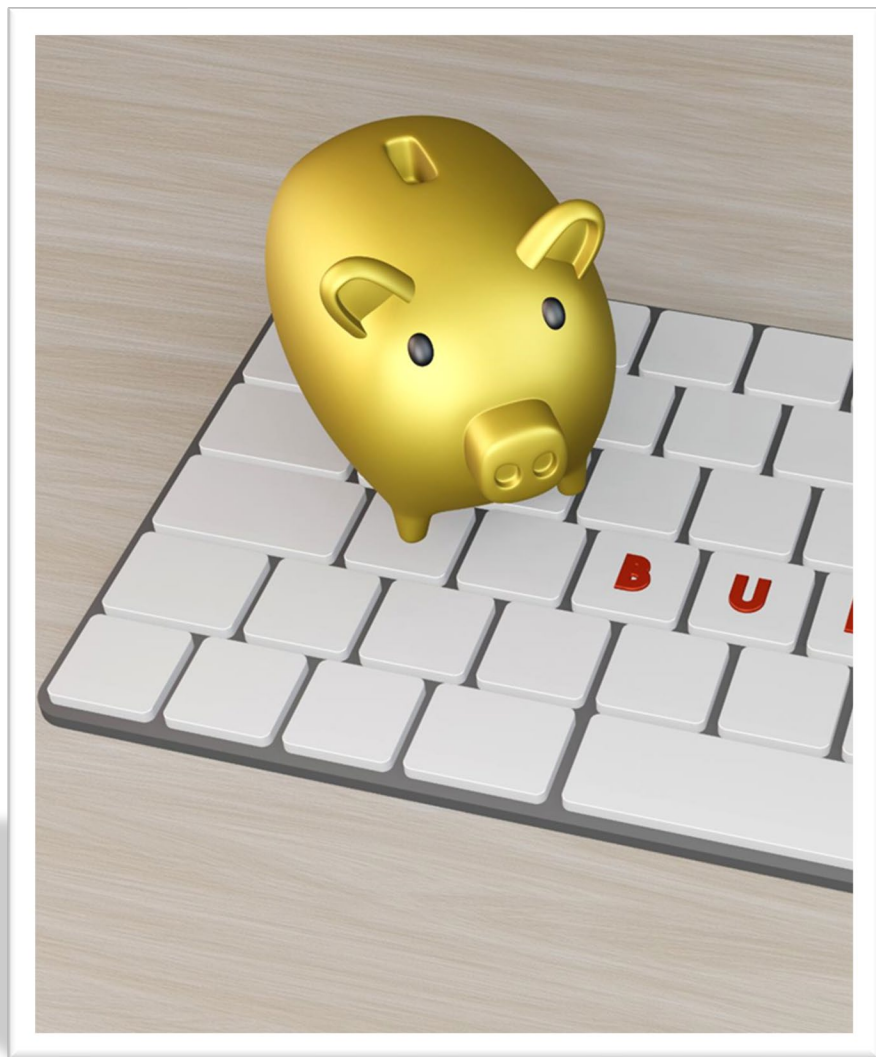
Due to the projected decline in enrollment and Average Daily Attendance (ADA), along with a reduced Cost of Living Adjustment (COLA) for 2025-2026, the district's reserve levels—based on the Second Interim Report and incorporating noted adjustments—are expected to fall below the required 3% minimum threshold in the 2026-2027 fiscal year.

2nd Interim Estimates	2024-2025		2025-2026		2026-2027	
Revenues & Other Financing Sources	336,378,451		350,048,925		366,062,884	
Expenditures & Other Financing Uses	360,703,248		374,599,479		381,797,106	
Net Increase (Decrease) to Fund Balance	(24,324,797)		(24,550,554)		(15,734,222)	
Beginning Fund Balance	96,238,127		71,913,330		47,362,776	
Ending Fund Balance	71,913,330		47,362,776		31,628,554	
Required Economic Reserve of 3%	10,821,097		11,237,984		11,453,913	
Projected Unrestricted General Fund Balance as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses	10.24%		7.25%		5.12%	
	2024-2025		2025-2026		2026-2027	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues & Other Financing Sources	205,476,491	130,901,960	216,473,892	133,575,033	228,938,226	137,124,658
Expenditures & Other Financing Uses	215,907,154	144,796,094	226,253,646	148,345,833	236,553,028	145,244,078
Net Increase (Decrease) to Fund Balance	(10,430,663)	(13,894,134)	(9,779,754)	(14,770,800)	(7,614,802)	(8,119,420)
Beginning Fund Balance	47,354,619	48,883,507	36,923,956	34,989,373	27,144,202	20,218,573
Ending Fund Balance	36,923,956	34,989,373	27,144,202	20,218,573	19,529,400	12,099,153
Revenue Changes						
Cola Change from 2.43% to 2.3%			(335,837)		(373,445)	
Attendance % & Enrollment Decrease	(860,245)		(3,645,617)		(6,711,088)	
Expenditure Changes						
Certificated Staffing Adj for Lower Est Enrollment			771,529		1,720,448	
Classified Staff Adj (Elem Paras/Sch Clerk/Health Asst)			119,354		220,994	
Adjusted Fund Balance	36,063,711		23,193,386		10,435,493	
Adjusted Fund Balance Reserve	10.00%		6.21%		2.75%	

District Reserve Levels



Why School Districts Need Reserves



Financial Stability

Provides a buffer against revenue shortfalls caused by state budget cuts, enrollment declines, or economic downturns.

Emergency Preparedness

Allows the district to respond quickly to unexpected expenses such as natural disasters, equipment failure, or major facility repairs without disrupting core services.

Cash Flow Management

Helps cover expenses during months when revenues (like state or property tax payments) are delayed or uneven, ensuring payroll and bills are paid on time.

Supports Credit Rating

Strong reserves demonstrate fiscal responsibility, which leads to better credit ratings and lower interest rates on bonds and loans.

Protects Student Services

Prevents sudden cuts to staffing, academic programs, transportation, and student support services during financial uncertainty.

More Accurate Budgeting

Maintaining sufficient reserves allows school districts to budget more accurately by reducing the need for built-in padding to cover volatility in funding and expenses—resulting in fewer unspent funds falling out of the budget and more resources available for ongoing priorities.

2023-2024 Average Unrestricted General Fund Balances – School Services of California Inc.

2023-24 Average Unrestricted General Fund, Plus Fund 17—Fund Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses

Unified School Districts 	24.36%
Elementary School Districts	25.54%
High School Districts	24.40%

Below, we have broken down the statewide average by five bands of ADA:

Size	
Less than 1,000 ADA	41.91%
1,001 to 5,000 ADA	25.36%
5,001 to 10,000 ADA	22.14%
10,001 to 25,000 ADA 	21.64%
Greater than 25,000 ADA	27.02%

The reserve levels are defined as the unrestricted ending fund balance for the General Fund, plus the ending balance for Fund 17 (Special Reserve for Other Than Capital Outlay Projects), as a percentage of the total General Fund (including restricted programs) expenditures, transfers out, and other uses.

As one would suspect, smaller districts maintain larger reserves. Smaller districts do not have economies of scale to absorb a significant negative economic event in the same way large districts do.

As stated in our previous article, in an environment of low cost-of-living adjustments, declining enrollment, and slowing state revenues, having adequate reserves is of critical importance. An adequate reserve allows local educational agency (LEA) governance teams the ability to be more strategic in reducing expenditures when faced with a financial crisis. An adequate reserve protects students, employees, and the public.

FCUSD Estimated Changes in Fund Balance Reserves

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Adjusted Fund Balance Reserve	10.00%		6.21%		2.75%	

Distribution of Ending Fund Balance and Reserves
2nd Interim Budget 2024-2025

Revolving Cash		\$	75,000
Prepaid Expenses		\$	2,074,608
Restricted Accounts		\$	34,989,373
Committed		\$	19,961,855
<i>Cash with Fiscal Agent - Trust Account PERS/STRS</i>	\$ 6,074,045		
<i>RESOURCE 0037: Instructional Materials & Curriculum Adoption</i>	\$ 3,140,540		
<i>RESOURCE 0039: Education Technology & Information Systems</i>	\$ 1,374,163		
<i>RESOURCE 0385: Athletics/PE</i>	\$ 219,179		
<i>RESOURCE 0485: Medi-Cal Billing Admin</i>	\$ 714,948		
<i>RESOURCE 0711: Supplemental Funding</i>	\$ 6,399,892		
<i>RESOURCE 0712: Career and Technical Education</i>	\$ 670,989		
<i>RESOURCE 0730: Transportation</i>	\$ 366,499		
<i>Liability - Compensated Absences for 12-Month Employees</i>	\$ 1,001,600		
Assigned		\$	3,991,395
<i>Set-aside for Economic Uncertainties</i>	\$ 3,991,395		
Reserve for Economic Uncertainty		\$	10,821,097
Minimum % of Unrestricted Fund Balance	3.00%		
Undesignated Fund Balance		\$	-
Total Distribution of Ending Fund Balance		\$	71,913,330

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, however, no formal action has been taken.

FCUSD Committed Fund Balance Items

Total unrestricted fund balance as of 2nd Interim: \$36,923,956. Of the unrestricted fund balance, 19,961,855 is committed. These funds are set aside for specific purposes and not available for discretionary use.

Breakdown of Committed Items:

- Cash With Fiscal Agent - Trust Account PERS/STRS
- Instructional Materials & Curriculum Adoption - Funds set aside to ensure district curriculum is updated and aligned with California state standards
- Education Technology & Information Systems - Supports investments in technology infrastructure, digital learning tools, and system upgrades
- Athletics / Physical Education - Maintains and enhances athletic programs and PE offerings across school sites
- Medi-Cal Billing Administration - Covers administrative costs related to Medi-Cal billing for eligible health-related services
- Supplemental Funding - Provides targeted support for student subgroups under LCFF (e.g., low-income, English learners, foster youth)
- Career and Technical Education (CTE) - Funds to support vocational and career readiness programs for secondary students
- Transportation - Supports student transportation services, including fleet maintenance and operations
- Liability - Compensated absences for 12-month employees set aside for accrued leave balances owed to full-year staff

Budget Advisory Committee 2025-2026



FCUSD Budget Advisory Committee Structure

In light of the projected structural deficits facing FCUSD, the Superintendent's Budget Advisory Committee (BAC) will adopt an expanded structure for the 2025–2026 fiscal year. These changes are intended to ensure broader representation and more frequent engagement as the district works to address its ongoing fiscal challenges.

Key Changes to the Committee Structure:

- Kickoff Meeting: An all-day, in-person session will be held in early August to launch the work of the committee.
- Meeting Frequency: Meetings will occur twice a month, with the exception of December.
- Meeting Format: All meetings will be held in person only.

Voting Representatives:

- Folsom Cordova Education Association (FCEA) – Two (2) representatives
- Folsom Cordova Leadership Association (FCLA) – One (1) representative from Classified Leadership and One (1) from Certificated Leadership
- California School Employees Association (CSEA) – Two (2) representatives
- Student Advisory Board (SAB) – Two (2) representatives
- Parent Representatives – One (1) from a Title I school and One (1) from a non–Title I school

Non-Voting Participants:

- School Board Members – Two (2) representatives
- District Staff

Committee Purpose:

The BAC is charged with ensuring district goals are prioritized when reviewing the budget, with a central objective of helping eliminate FCUSD's unrestricted structural deficit. Above all, the committee will work to protect and support student learning by aligning financial decisions with the district's core mission of academic success for all students.