

FIRST INTERIM REPORT

for the period ending
October 31, 2019

December 19, 2019



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

Budget Journey Recap

- Budget Study Sessions
 - November 1, 2018
 - January 17, 2019
 - February 28, 2019
 - April 11, 2019
 - October 24, 2019
- Early Retirement Incentive – FCEA – 2019/20
 - Reduction of Elementary Intervention Teachers – 10.3 FTE
 - Reduction of Secondary Intervention Teachers – 2.0 FTE
 - Reduction of Special Education Roving Sub – 1.0 FTE

Budget Journey Recap (continued)

- Additional Reductions - 2019/20
 - Child Welfare Coordinator – 1.0 FTE
 - Assistant Principal – 1.0 FTE
 - Lead Teacher – 1.0 FTE
 - Admin Assistants/Career Guidance Clerk – 2.38 FTE
- Operating Reductions – 2019/20
 - Travel and conference – (\$300,000)
 - Retiree Benefit Fund Contribution – (\$350,000)

Budget Journey Recap (continued)

- Reductions approved November 21, 2019 for 2020/21
 - Reduce site/departments carryovers - \$1,400,000 (*one-time* \$)
 - Chromebook replacement from Retiree Benefit Fund Reserve balance - \$1,021,500
 - Redirection of Folsom Lake High School to other Alt Ed options
 - Reduce certificated positions - \$300,000
 - Reduce classified positions - \$107,000
 - ESC Administrator/Director reduction - \$149,000
 - ESC Classified reduction - \$100,000
 - Reduce PE prep coverage (Standardize Kindergarten schedules to AM/PM - \$190,000) (Does not eliminate PE prep for Kinder teachers)
 - Reduce Lead Teacher positions- \$300,000
 - Reduce Prep periods at Mills - \$386,390
 - Reduce Prep periods at Mitchell - \$442,403
 - Reduce Summer School (Secondary) - \$200,000
 - Eliminate district-paid Naviance & Safari Montage - \$155,141

What is Certification?



- Education Code requires that the Board of Education certify twice per year as to whether the District will be able to meet its financial obligations
 - First Interim – revenue & expenditures through October 31
 - Second Interim – revenue and expenditures through January 31
 - Third Interim – revenue and expenditures through April 30
- The District will issue one of the following certifications:
 - Positive Certification: The District WILL MEET their financial obligations for the current and two (2) subsequent fiscal years, or
 - Qualified Certification: The District MAY NOT MEET their financial obligations for the current or two (2) subsequent fiscal years, or
 - Negative Certification: The District WILL BE UNABLE TO MEET their financial obligations for the remainder of the current year or subsequent fiscal years based upon current projections (not meeting reserves in current year or negative fund balances in any year)

Tonight's Action

- Staff is recommending qualified certification
 - Positive - ok for this year and next two years
 - ☒ Qualified - may have a problem in one or more years
 - Negative - won't be able to meet this year's obligations or won't be able to meet next two years

SCOE Directive

- ... a budget plan, to be submitted with the First Period Interim Report, addressing the \$5.4 million shortfall in meeting the unrestricted reserve requirements for 2021-2022. The plan must be viable and reverse the deficit spending trend. It should include supporting on-going expenditures from ongoing revenue sources. Any delay in resolving the budget shortfall for 2021-2022 could compromise the options available to the district to maintain fiscal solvency.”

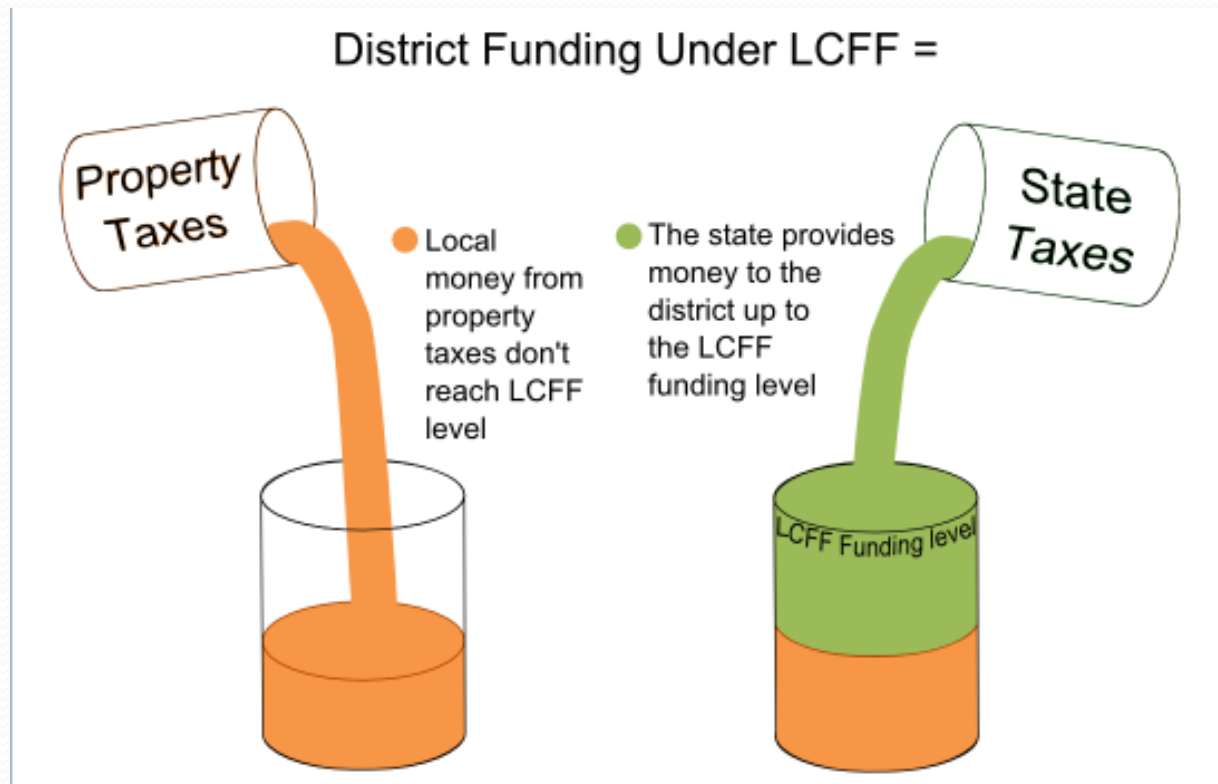
2019-20 Budget Revisions

	Adopted Budget	45-Day Revise	First Interim	Second Interim	Projected Budget
Revenues					
LCFF/Revenue Limit Sources	\$ 183,921,636	\$17,393	(512,117)		183,426,912
Federal Sources	9,266,395		358,887		9,625,282
Other State Sources	24,899,951	22,779	14,251,752		39,174,482
Other Local Sources	5,685,753		470,452		6,156,205
Total Revenues	223,773,735	40,172	14,568,974	-	238,382,881
Expenditures					
Certificated Salaries	100,993,732	443,208	(392,435)		101,044,505
Classified Salaries	36,842,819		(364,073)		36,478,746
Employee Benefits	52,203,109	113,798	8,605,442		60,922,349
Books and Supplies	11,262,115		1,812,133		13,074,248
Services and Other Operating Expenditures	22,778,067		374,752		23,152,819
Capital Outlay	4,165,144		588,695		4,753,839
Other Outgo	1,151,071		58,404		1,209,475
Transfer of Indirect Costs	(299,571)		(27,237)		(326,808)
Total Expenditures	229,096,486	557,006	10,655,681	-	240,309,173
Other Financing Sources (Sources & Uses):					
Interfund Transfers In	113,212		10,524		123,736
Interfund Transfers Out	(1,965,000)				(1,965,000)
Total Financing Sources	(1,851,788)				(1,841,264)
Beginning Fund Balance	32,163,071				32,163,071
Ending Fund Balance	24,988,532		10,524		\$ 28,395,515
Designated Economic Uncertainties	7,100,000		250,000		7,350,000

Revenue Changes Since Adopted Budget

- LCFF Sources net decrease of (\$494,724)
 - Decreased ADA by 48 – decrease of (\$370,800)
 - Unduplicated 3-year rolling average decreased by (.23%) to 38.447%
 - English learners, low income, and foster youth only counted once
 - Adjustments to property taxes, Education Protection Account (EPA) calculation - \$2,223,401
 - Adjustments to State Aid - (\$2,290,450)
 - Supplemental EL/LI calculation – (\$107,772)
 - In-lieu transfers to charter increased by \$50,897

LCFF Revenue Sources



Revenue Changes Since Adopted Budget

• Federal revenue net increase of	\$ 358,887	
♦ Deferred revenue from 2018-19 (Title I, II, III, IV, SIG)		\$ 828,784
♦ Projected carryovers for 2019-20		\$ (469,897)
• Other State revenue net increase of	\$ 14,274,531	
♦ Deferred revenue from 2018-19 (Academies, CTEIG)		\$ 738,546
♦ Grant award revisions for 2019-20 (Healthy Start, LPSBG, K-12 Strong Workforce)		\$ 632,661
♦ Special Ed AB602 State Aid (Prior and Current Year)		\$ 742,727
♦ Special Ed Program Specialists/Regionalized Services		\$ 311,558
♦ Special Ed Growth		\$ 97,704
♦ PERS/STRS on-behalf pension contribution		\$ 11,738,967
❖ Lottery adjustments included in 45-day revise		\$ 12,368

Revenue Changes Since Adopted Budget

• Other Local revenue increases of	\$ 470,452	
♦ Grant award revisions for 2019-20		
❖ Measure H (Rancho Cordova Enhancement Fund)		\$ 398,482
❖ Miller Family		\$ 12,000
❖ Language Saturday School		\$ 11,015
❖ Healthy Eating Active Living (HEAL) Grant		\$ 30,000
♦ Donations		\$ 40,343
♦ Misc. Income/leases & rentals		\$ (21,388)

Expenditure Changes Since Adopted Budget

• Salary and benefits net increase of	\$ 8,409,545	
Certificated salaries		\$ 50,773
♦ Accurate placement of staff on salary schedule (new hires and adjustments based on education units)		
♦ Growth and temporary positions		
♦ Adjustments for open positions, unfilled positions requiring outside services (Speech, Nurses), subs, and stipends		
Classified Salaries		\$ (364,073)
♦ Formula-based positions (custodial, campus monitors, clerical)		
♦ Adjustments for open positions		
Benefits		\$ 8,722,845
♦ Updated benefit information related to new employees and grants		
♦ STRS and PERS on-behalf		

Expenditure Changes Since Adopted Budget

<ul style="list-style-type: none"> ☐• Supplies, other operating, capital outlay net increase of 	\$ 2,100,580	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Expenditures of prior year carryovers, new and revised state/local grants and categoricals 		\$ 4,135,468
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Adjustments for equipment, utilities, travel and conference, vehicles, and buses 		\$ 714,330
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Adjustments for non-public schools and agency services 		\$ 297,588
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Projected carryovers 		\$ (3,046,806)
<ul style="list-style-type: none"> ☐• Other outgo net increase of 	\$ 85,635	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Indirects/Debt Service 		\$ 27,237
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Transfers to SCOE for CARE Program 		\$ 58,398
<ul style="list-style-type: none"> ☐• Contributions net decrease of 	\$ (458,410)	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Special Education 		\$ (1,143,977)
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Transportation 		\$ 270,567
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Restricted Maintenance (Required 3% of total expenditures) 		\$ 415,000
<ul style="list-style-type: none"> ☐• Reserve for Economic Uncertainty increase 	\$ 250,000	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ◆ Required 3% minimum increased due to projected expenditures 		\$ 250,000

Ending Balance Changes Since Adopted Budget

▣ Beginning Fund balance updated as of June 30, 2019	
▣ Components of Ending Fund Balance	
♦ Committed balances	
❖ EL/LI	\$ (226,459)
♦ Board resolution to committ funds to increase and improve services for unduplicated pupils based on LCAP	
♦ Legally restricted categoricals (Mental Health Services, MediCal LEA, Lottery, Restricted Maintenance)	\$ 1,835,258
♦ Designations	
❖ Projected school site, departments, and locals grants carryover	\$ 428,924
♦ Intel, donations, Mandated Cost reimbursement, Medi-Cal Administrative Activities (MAA)	
♦ Testing, Music, Language Saturday School	
♦ Set-asides for 2020-21 and 2021-22	\$ 4,886,933
♦ Revised unappropriated balance (from \$399,399 to \$0)	\$ (399,399)



MULTI-YEAR PROJECTIONS

MYP Changes Since Adopted Budget

	2019/20	2020/21	2021/20
☐ • COLA			
♦ Adopted Budget MYP	3.26%	3.0%	2.8%
♦ LAO revised	3.26%	1.8%	1.2%
♦ Loss for FCUSD	\$ -	\$ (2,206,956)	\$ (3,058,539)
☐ • ADA			
♦ Adopted Budget MYP	19,682	19,817	19,817
♦ First Interim	19,634	19,634	19,794
☐ • CalPERS employer contribution			
♦ Adopted Budget MYP	19.721%	22.70%	24.60%
♦ CalPERS adjusted	19.721%	22.80%	24.90%

General Fund Multi-Year Projections

	2019-20	2020-21	2021-22
<u>Enrollment</u>			
CBEDS Enrollment	20,444	20,444	20,694
Average Daily Attendance (ADA)	19,657	19,657	19,817
<u>Local Control Funding Formula (LCFF)</u>			
COLA %	3.26%	1.79%	1.20%
Unduplicated % (3-year rolling avg)	38.44%	37.15%	36.71%
Base Grant	163,097,945	166,018,218	169,348,678
Supplemental Funding (EL/LI)	13,018,369	12,806,446	12,906,932
Class Size Reduction (CSR)	4,961,151	4,778,231	4,856,198
Career Technical Ed (CTE)	1,551,681	1,564,873	1,590,980
Targeted Improvement Grant (TIIG)	976,737	976,737	976,737
Transportation	749,374	749,374	749,374
Transfer to Deferred Maintenance	(650,566)	(650,566)	(650,566)
<u>Other State Revenues</u>			
Mandated Block Grant	776,919	776,919	776,919
California Lottery - Unrestricted (Salaries)	3,115,853	3,095,822	3,095,822
California Lottery - Restricted (Instr Materials)	1,171,152	1,086,613	1,086,613
One-Time funding (Special Educ.)	TBD	-	-
<u>Salary & Benefits</u>			
Step & Column - Certificated	2,254,796	2,254,796	2,254,976
Step & Column - Classified	454,216	454,216	454,216
CalSTRS employer contribution	32,474,852	34,159,427	34,223,295
CalSTRS employer contribution (increase)	955,879	1,684,575	63,868
CalPERS employer contribution	8,887,102	10,232,897	11,106,989
CalPERS employer contribution (increase)	1,455,241	1,345,795	874,092
<u>Other</u>			
Contribution to Special Education	28,231,431	31,054,574	34,160,032
Contribution to Transportation	5,667,269	5,950,632	6,248,164
Contribution to Significant Disproportionality	542,557	542,557	-
Minimum 3% Required Reserves	7,350,000	7,500,000	7,750,000
Contribution to Expiring Restricted Grants (SIG)			822,135
New elementary school staffing, equipment, and buses			1,865,734

General Fund Multi-Year Projections

- Future Considerations
 - Reduced COLA
 - Increasing employer contributions to PERS/STRS
 - Pension rate stabilization program
 - Textbook adoption costs
 - Science (high schools), Math (elementary and middle schools)
 - Next Generation Science Standards (NGSS) equipment and consumables
 - Minimum wage implications
 - Increasing program contributions (Special Educ. transportation)
 - Conclusion of grants (i.e. SIG)
 - Declining elementary enrollment
 - Salary increases for all employees

Further Discussion for 2020/21

Budget Guidelines (last approved April 11, 2019)

- Retiree Benefit Fund:
 - 1. The District's goal is to contribute the maximum amount per current actuarial study
 - 2. A surcharge of 1% is assessed on all payroll expenditures for future retiree benefit costs
 - Options:
 - Suspend for 2019-20 only
 - Suspend indefinitely
 - Suspend for specific period of time
 - Current pay-as-you-go contribution of \$815,000 from General Fund
 - Continue or suspend

Pension Stabilization Program

- Allows districts to prefund rising pension costs and address pension liabilities
- District can prefund within newly created irrevocable trust
 - Separate accounts for OPEB and Pension liabilities

One-Time Revenue

- Special Education
- EL/LI carryover

CSEA Retirement Incentive



Further Discussion for 2021/22

Review the following prior to Adopted Budget (June 2020)

- Prep periods at VDL - \$776,000
- Prep periods at CHS - \$1,048,000
- Certificated stipends, including but not limited to:
 - PLC Implementation Coaches (40) - \$90,000
 - Site Technology Coordinators - \$112,837
 - GATE, NBCT - \$69,646
- iReady software
 - Replace or continue (expense not included in budget)
- Print Shop
- Secondary PLTW (delay lab replacements) - \$275,000
- Supplemental EL/LI funded positions (102.51 FTE)
- SIG Grant funding expires (6.35 FTE in grant-funded positions)
- Grant Writer position
- Districtwide zero-based budgeting model
- Continuous evaluation of opportunities for restructuring operations to support evolving school/District needs
- Staggered start times for middle and high schools



New School Planning

- Mangini Ranch Elementary School
 - Estimated opening 2021-22 school year
 - Minimum 250 student enrollment to open
 - Currently 56 students in new developments, including 37 elementary
 - Staffing projections
 - Teachers – 10 FTE
 - Principal – 1 FTE
 - Admin. Asst. / Clerk – 1.25 FTE
 - Custodial – 2.0 FTE
 - Other Support – 2.0 FTE
 - Supplies / Equipment / Technology
 - Grounds / Maintenance
 - Buses / Bus Drivers
 - Musical Instruments



2019-20 Multiyear Projection

Description	2019-20	2020-21	2021-22
Beg Balance, July 1	\$ 32,163,071	\$ 28,395,515	\$ 25,106,525
Revenue/Other Financing Sources	238,506,617	236,984,215	240,640,536
Expenditures/Other Financing Uses	242,274,173	242,274,173	240,273,205
Step & Column		2,709,012	2,709,012
Board approved reductions		-2,097,793	0
PERS/STRS contribution increases		3,030,370	937,960
Other expenditures		-5,642,557	3,439,133
Mangini Ranch Elementary			1,865,734
Ending Balance, June 30	28,395,515	25,106,525	16,522,017
Designated for Economic Uncertainties	7,350,000	7,500,000	7,750,000
Legally Restricted	7,685,961	7,866,821	8,787,150
Assigned:	75,000	75,000	75,000
EL/LI carryover	3,052,335	2,840,412	2,940,898
Set-asides for 2020/21 and 2021/22	7,119,933	4,911,692	0
Projected carryover sweep	1,400,000	0	0
Other carryovers	1,712,287	1,406,600	1,406,600
New school startup/buses	0	506,000	0
Reductions needed to balance	0	0	(4,437,630)
Unassigned/Unappropriated Balance	0	0	0

Reduced COLA, flat
ADA, Deferred
Revenue from 19-20

Textbook adoptions,
CTE equipment and
construction from 19-20

Multi-Year Projections - Other Funds

- ❖ Charter School – increased ADA from 127 to 140
- ❖ Adult Education (Self-Supporting)
- ❖ Child Development (Self-Supporting)
- ❖ Food Services (Self-Supporting)
- ❖ Deferred Maintenance – coordinating with bond projects
- ❖ Building Funds – bond projects for Measures M, P, & G
- ❖ Developer Fees – increased activity past several years
- ❖ Special Reserve for Capital Outlay
- ❖ Student Care (Self-Supporting)
- ❖ Retiree Benefit Trust

What's Next



January 2020	<ul style="list-style-type: none">• Governor's Proposed 2020-21 Budget• LCAP Stakeholder Forums
March 2020	<ul style="list-style-type: none">• Second Interim• Start Budget Development
April 2020	<ul style="list-style-type: none">• P-2 ADA Report
May 2020	<ul style="list-style-type: none">• Governor's May Revise• LCAP Draft• Third Interim
June 2020	<ul style="list-style-type: none">• Adopted 2020-21 Budget• Adopted 2020-21 LCAP