



Tustin Unified School District

General Fund Final Budget 2011-12

June 27, 2011

Governor's May Revised Budget Proposal 2011-12

- State Budget Gap: \$25.4 Billion (January) vs. \$10 Billion (May)
- Governor proposes to close the gap by
 - Revenue increase/tax extension (sales, vehicle, & income tax)
 - New taxes to fund education & other programs
 - Other changes (Dept of Corrections & Dept of Mental Health, Other agencies)
- Impact to Education
 - Flat funding: Corrects \$19 per ADA error from January
 - \$3 Billion “buyout” of deferrals; however does not result in an increase in per student funding
 - COLA is up, but so is the deficit factor 19.74% resulting in no increased funding
 - Two year extension of flexibility for categorical programs, CSR, and shorter school year through 2014-15

State Budget Questions

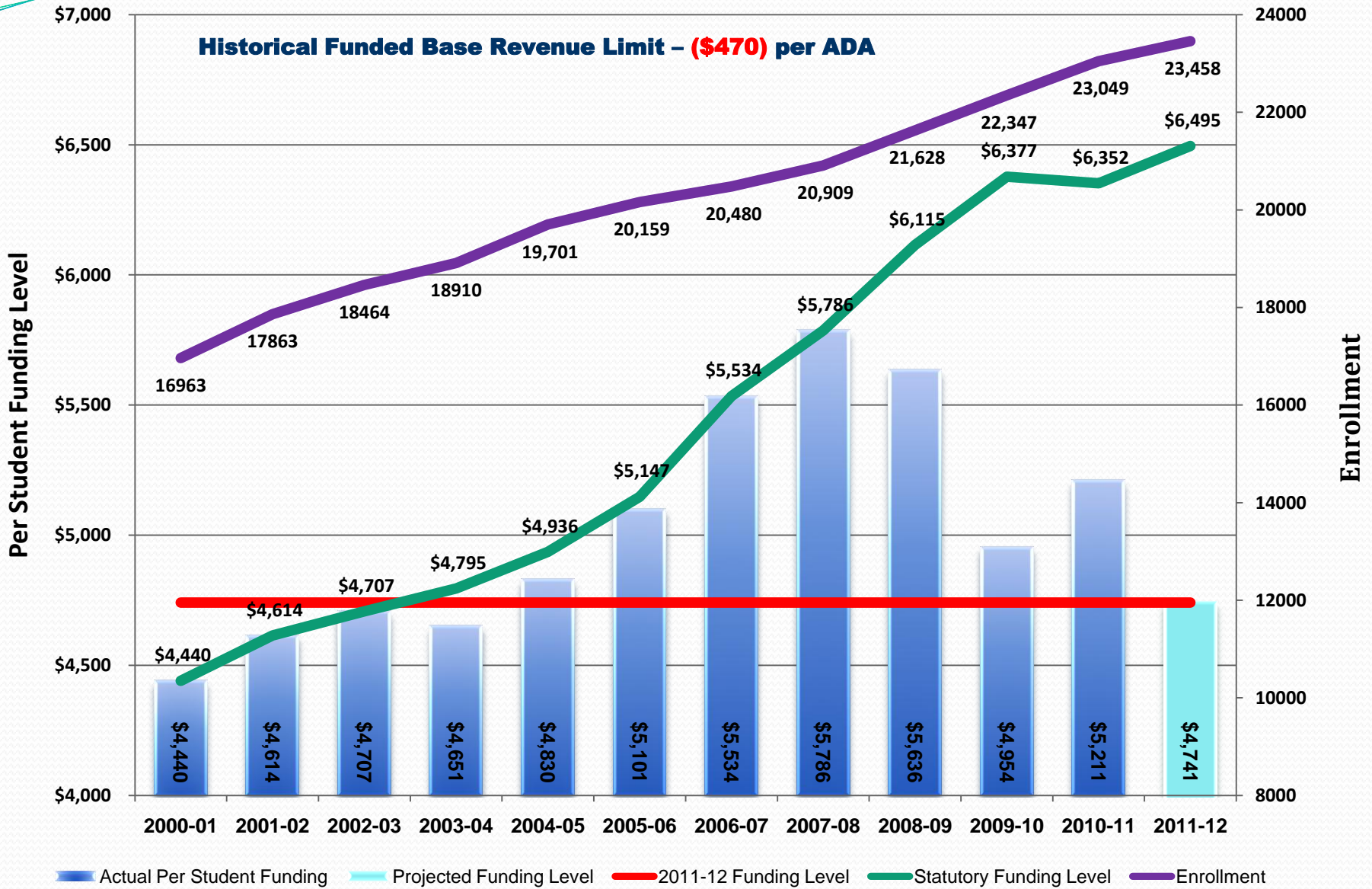
Uncertainties

- State budget is still dependent upon future events – extension of taxes
- Public support for tax extension has declined
- State Budget is balanced only if questionable revenue increases and expenditure cuts are sustained in the future
- Governor has had no success getting Republican support for his tax proposal
- Governor Vetoes Latest Legislative Budget Proposal
- Unintended Consequences of Props. 25 & 58 – Rush to “phantom” budget solutions; created a new player – State Controller
- Potential for “All Cuts” Budget – Estimated at \$330 ~ \$600 per ADA
- Governor’s Plan B ?

Certainties

- The District unemployment benefit rate has more than doubled to 1.61%
- ACLU lawsuit regarding Student Fees has increased school level costs
- Shift of Mental Health Services to school district; funding level may not be sufficient
- Some Federal Categorical Programs receive cuts of 10%
- Loss of one-time Federal ARRA funding

Historical Funded Base Revenue Limit – (\$470) per ADA



General Fund Multi-Year Projection

	10-11 Projected	11-12 Projected	12-13 Projected	13-14 Projected
Revenue	168,373,038	154,240,420	155,998,861	156,666,906
Expenditures	158,089,238	163,375,519	171,504,938	174,018,955
Transfers Out	2,194,692	1,125,475	1,131,545	1,144,092
Beginning Balance	34,145,450	42,234,558	31,673,984	15,036,363
Ending Balance	42,234,558	31,673,984	15,036,363	-3,459,778

Multi-Year Projections

Components of Ending Fund Balance

	10-11 Projected	11-12 Projected	12-13 Projected	13-14 Projected
Ending Balance	42,234,558	31,673,984	15,036,363	-3,459,778
Revolving Cash	150,000	150,000	150,000	150,000
Stores	444,955	444,955	180,000	180,000
Benefit Account	50,000	50,000	50,000	50,000
Accrued Vacation	1,761,131	1,761,131	1,500,000	1,500,000
Tier III/Categorical Reserves	11,018,565	10,762,065	0	0
Restricted Fund Balance	7,270,089	7,157,361	2,595,015	1,000,000
Uncertain COLA	5,986,350	3,162,600	6,369,580	9,619,680
Designated for School Site Fees/Carryover	600,000	0	0	0
Designated for Economic Uncertainties	14,953,468	8,185,872	4,191,766	-15,959,459
Percent of Economic Uncertainties	9.33%	4.97%	2.43%	-9.11%
Excess/(Shortfall) of 3%	10,144,950	3,241,842	-987,328	-21,214,350

Looking Ahead

- May Revise is a significant step in the State Budget
- Still awaiting a balanced budget signed by the Governor
- Economy is showing some faint signs of life
- Flat funding for 2011-12 does not lessen our challenges
- Restoration of District Programs

Certification

In certifying the 2011-12 Final Budget as positive, the Board understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years. The District will implement the necessary budget reductions to maintain a positive certification.