



Tustin Unified School District 2019-20 Budget

June 25, 2019 Adoption

THE DOMINO EFFECTS



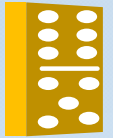
Budget

Policies

Programs

To School Districts

2019-20 July 1 Budget Adoption *Agenda*



STATE and EDUCATION BUDGET UPDATES

2019-20 PROJECTED REVENUES

2019-20 PROJECTED EXPENDITURES

MULTI-YEAR PROJECTIONS

TUSD FUTURE RISKS and CHALLENGES

TUSD BUDGET TIMELINE

BOARD CERTIFICATION

2019-20 July 1 Budget Adoption State and Education Budget Updates *Economy*



Unemployment (4%)

Housing Affordability

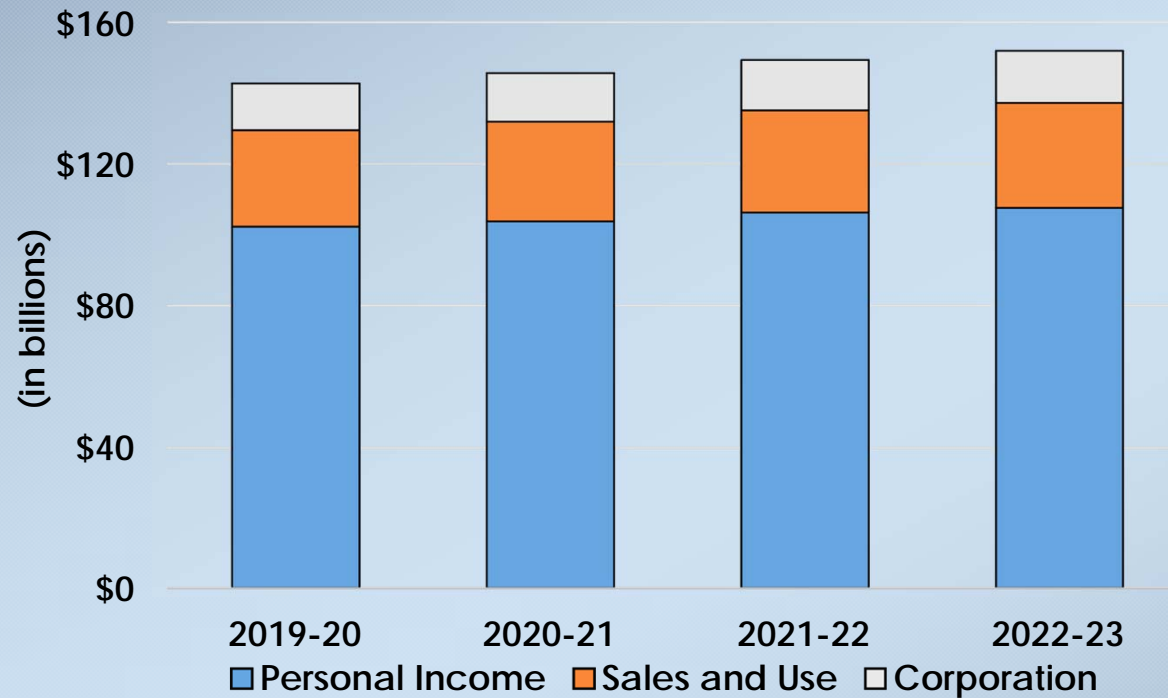
Homeless Crisis - Increasing

Climate Change – Natural Disaster (Wildfire, Drought, Earthquake)

Economy

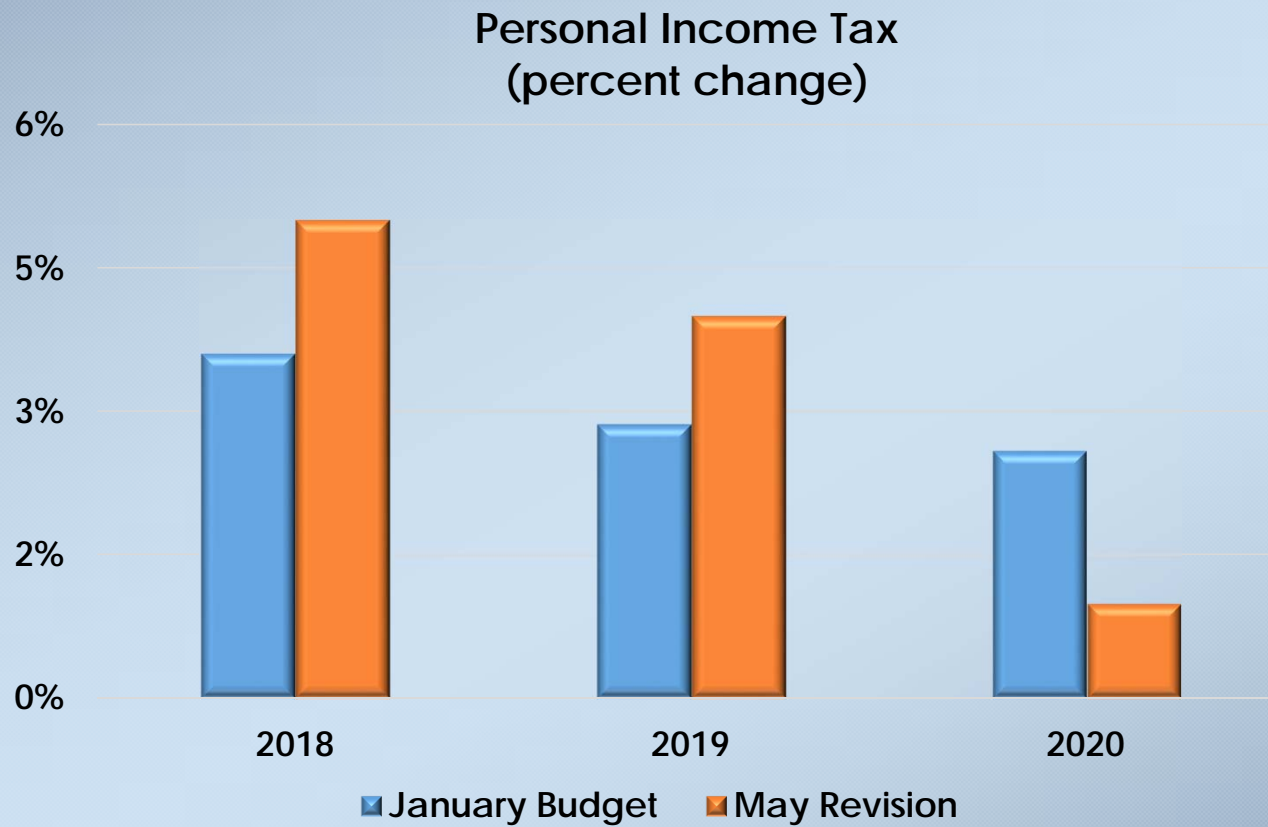
General Fund Revenues "Big 3"

2019-20 July 1 Budget Adoption State and Education Budget Updates *Big Three Taxes*

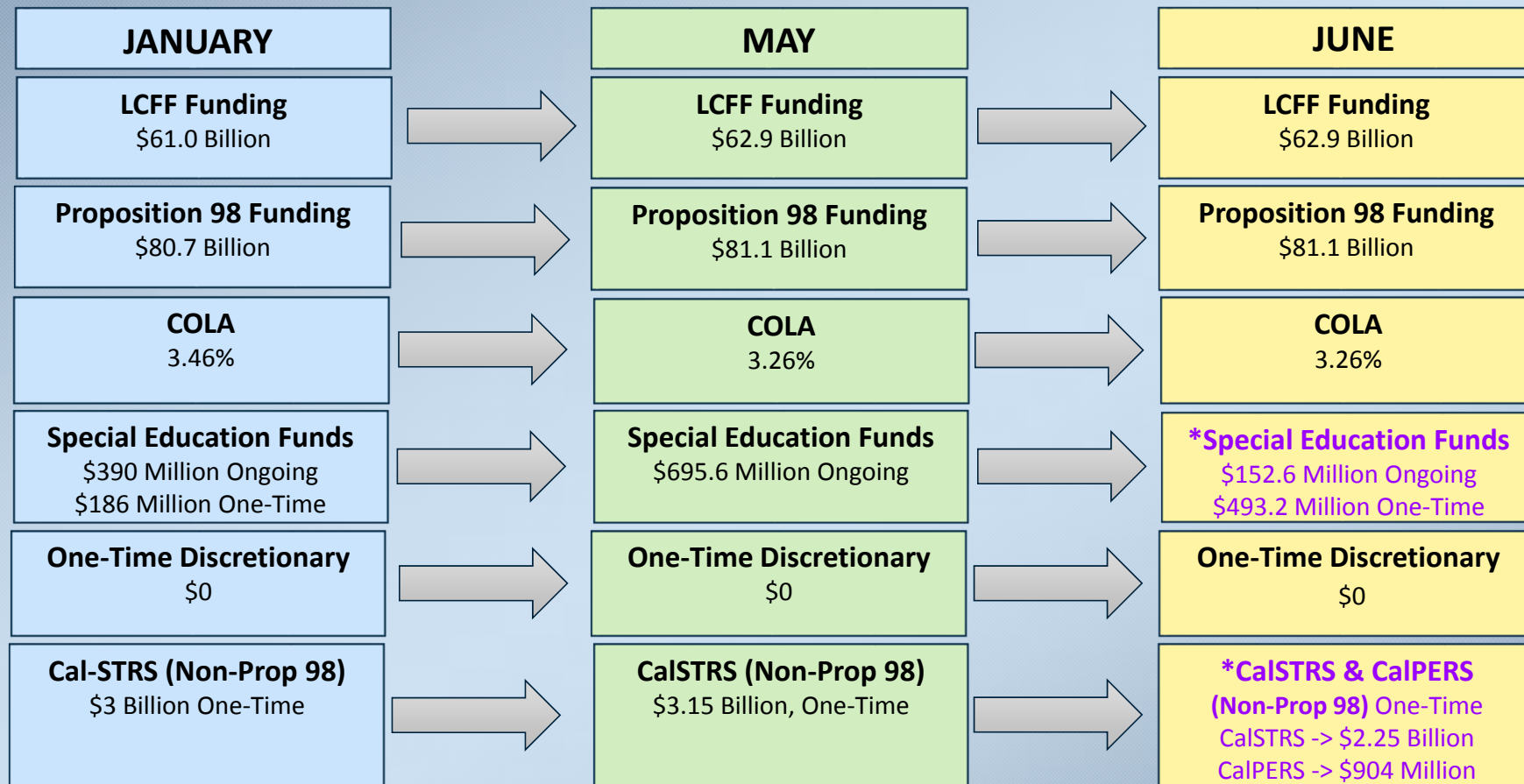


(In Billions)	2019-20	2020-21	2021-22	2022-23
Personal Income	\$ 102.3	\$ 103.8	\$ 106.3	\$ 107.6
Sales & Use Taxes	\$ 27.2	\$ 28.1	\$ 28.8	\$ 29.6
Corporation	\$ 13.2	\$ 13.7	\$ 14.2	\$ 14.7

2019-20 July 1 Budget Adoption State and Education Budget Updates



2019-20 July 1 Budget Adoption State and Education Budget Updates *Major Highlights*



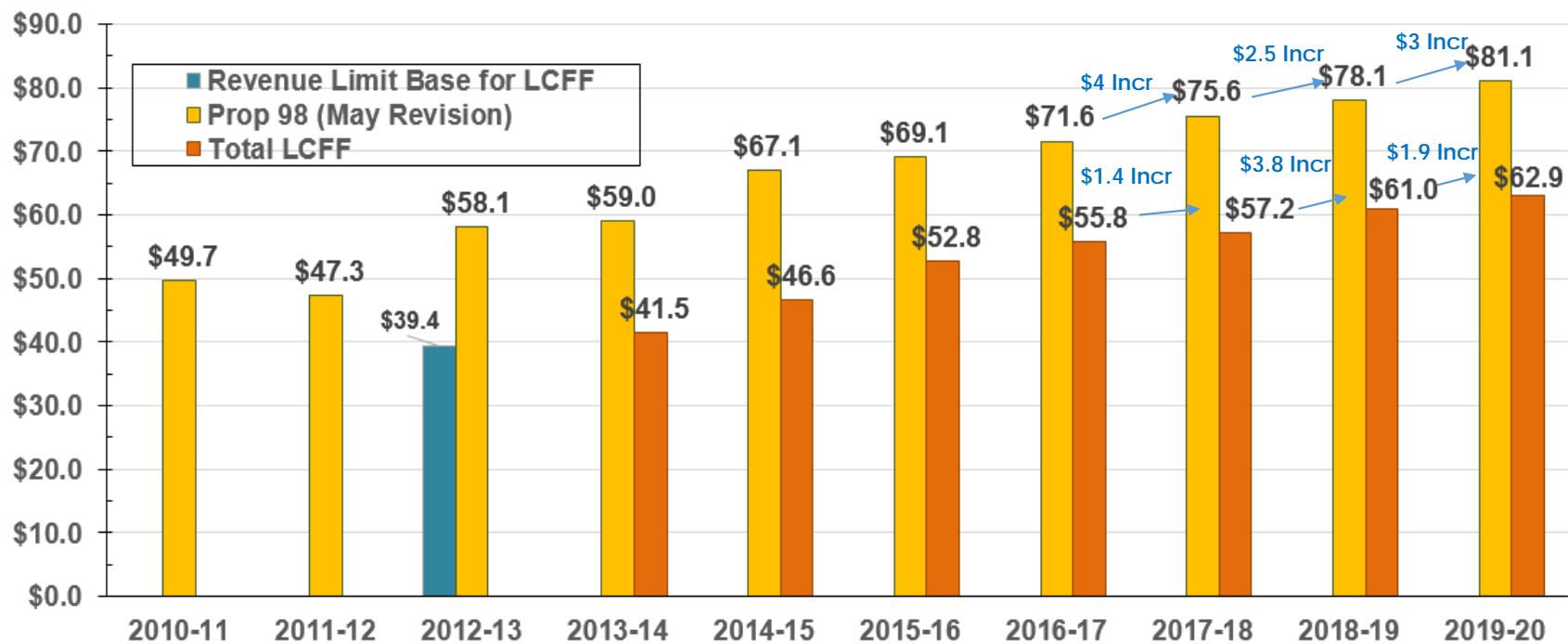
* Not included in TUSD budget pending actual rate and amount from CDE.

2019-20 July 1 Budget Adoption State and Education Budget Updates



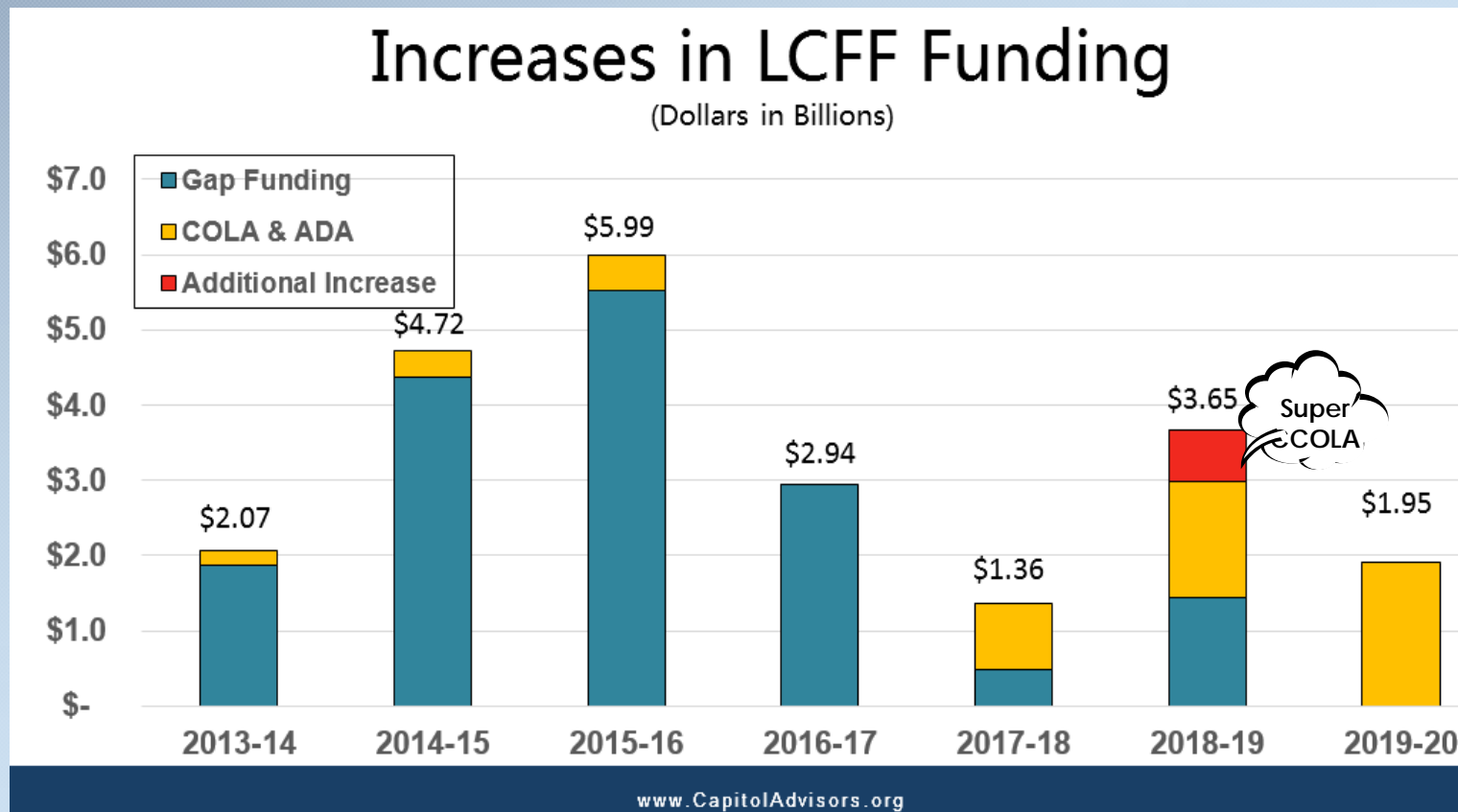
Prop 98 and LCFF Funding

(Dollars in Billions)



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2019-20 July 1 Budget Adoption State and Education Budget Updates



2019-20 July 1 Budget Adoption State and Education Budget Updates *Pension Contribution Rates*



CalSTRS (Percentage)

Fiscal Year	Current (Statutory per AB 1469)	January Budget	May Revision	June Approved
2018-19	16.28	16.28	16.28	16.28
2019-20	18.13	17.13 (-1.0)	16.7 (-1.43)	17.1 (-1.03)
2020-21	19.1	18.1 (-1.0)	18.1 (-1.0)	18.4 (-0.7)
2021-22	18.4*	17.8* (-0.6)	17.8* (-0.6)	18.1 (-0.3)
2022-23	18.4*	17.8* (-0.6)	17.8* (-0.6)	18.1 (-0.3)
2023-24	18.4*	17.8* (-0.6)	17.8* (-0.6)	18.1 (-0.3)
2024-25	18.4*	17.8* (-0.6)	17.8* (-0.6)	18.1 (-0.3)
2025-26	18.4*	17.8* (-0.6)	17.8* (-0.6)	18.1 (-0.3)

*Projected

SSC: Beginning in 2021-22, CalSTRS Board has authority to increase and decrease employer contribution rates within certain boundaries in order to fully exhaust CalSTRS unfunded liability by 2045-46. Rates are subject to change.

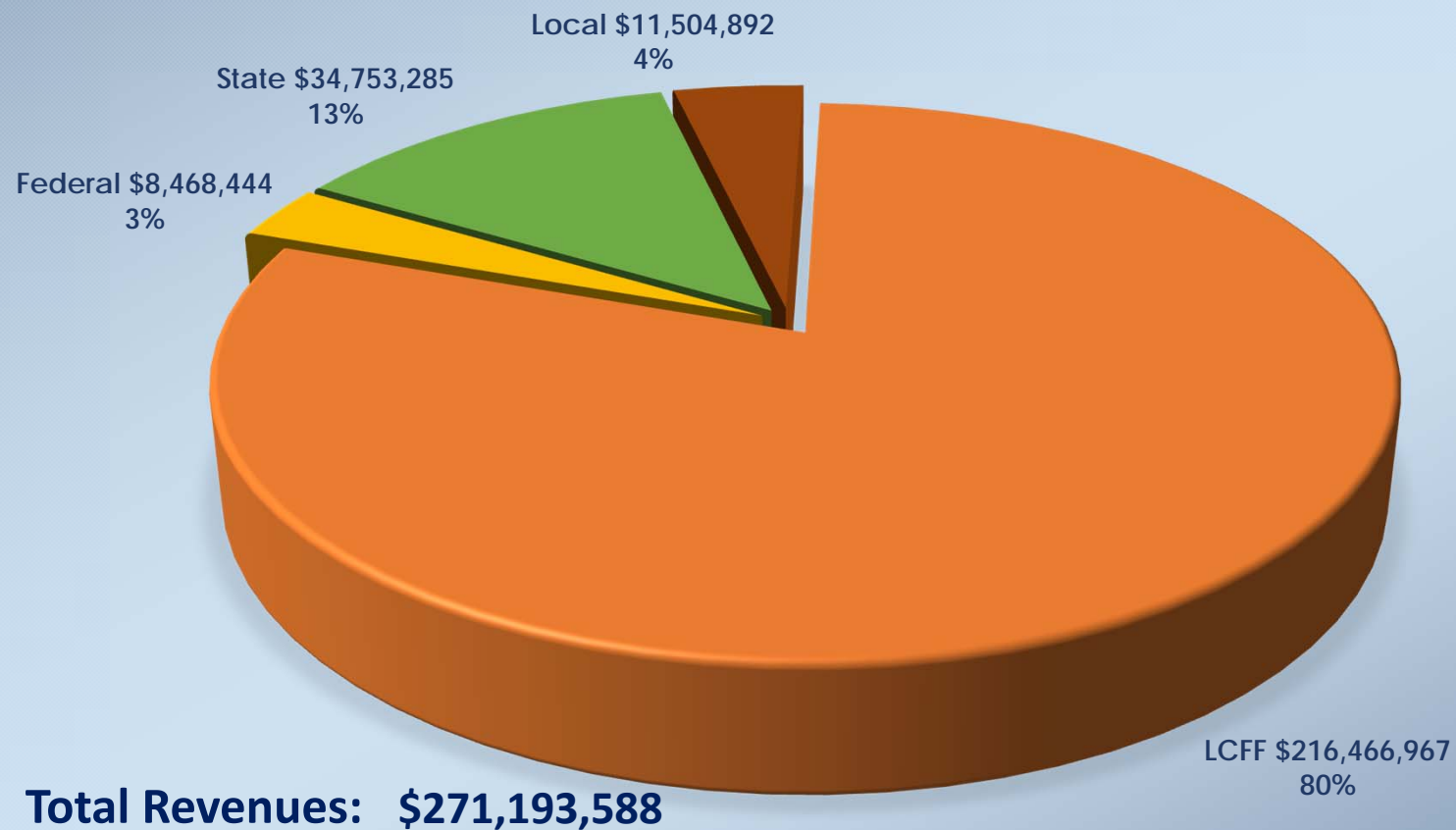
CalPERS (Percentage)

Fiscal Year	January Budget	May Revision	June Approved
2018-19	18.062	18.062	18.062
2019-20	20.733	20.733	19.721 (-1.01)
2020-21	23.6*	23.6*	22.7 (-0.9)
2021-22	24.9*	24.9*	24.6 (-0.3)
2022-23	25.7*	25.7*	25.4 (-0.3)
2023-24	26.4*	26.4*	26.1 (-0.3)
2024-25	26.6*	26.6*	26.3 (-0.3)
2025-26	26.5*	26.5*	26.2 (-0.3)

*Projected

SSC: CalPERS rates (SSC Fiscal Report 6/28/2019)

2019-20 July 1 Budget Adoption Tustin Unified School District *Projected Revenues*



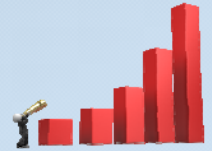
2019-20 July 1 Budget Adoption Tustin Unified School District *Expenditure Projections*



2019-20 July 1 Budget Adoption

Tustin Unified School District

Multi-Year Projections



	2019-20	2020-21	2021-22
Revenues	\$ 271,193,588	\$ 270,188,753	\$ 271,122,859
Expenditures	\$ 272,364,044	\$ 279,379,150	\$ 286,487,083
Transfers Out	\$ 3,500,000	\$ 3,100,000	\$ 3,100,000
Net Change (Deficit)	(\$ 4,670,456)	(\$ 12,290,397)	(\$ 18,464,224)
Beginning Balance	\$ 82,944,131	\$ 78,273,675	\$ 65,983,278
Ending Balance	\$ 78,273,675	\$ 65,983,278	\$ 47,519,053
3% Economic Uncertainty	\$ 8,275,922	\$ 8,474,375	\$ 8,687,612

2019-20 July 1 Budget Adoption

Tustin Unified School District

Multi-Year Projections Cont.



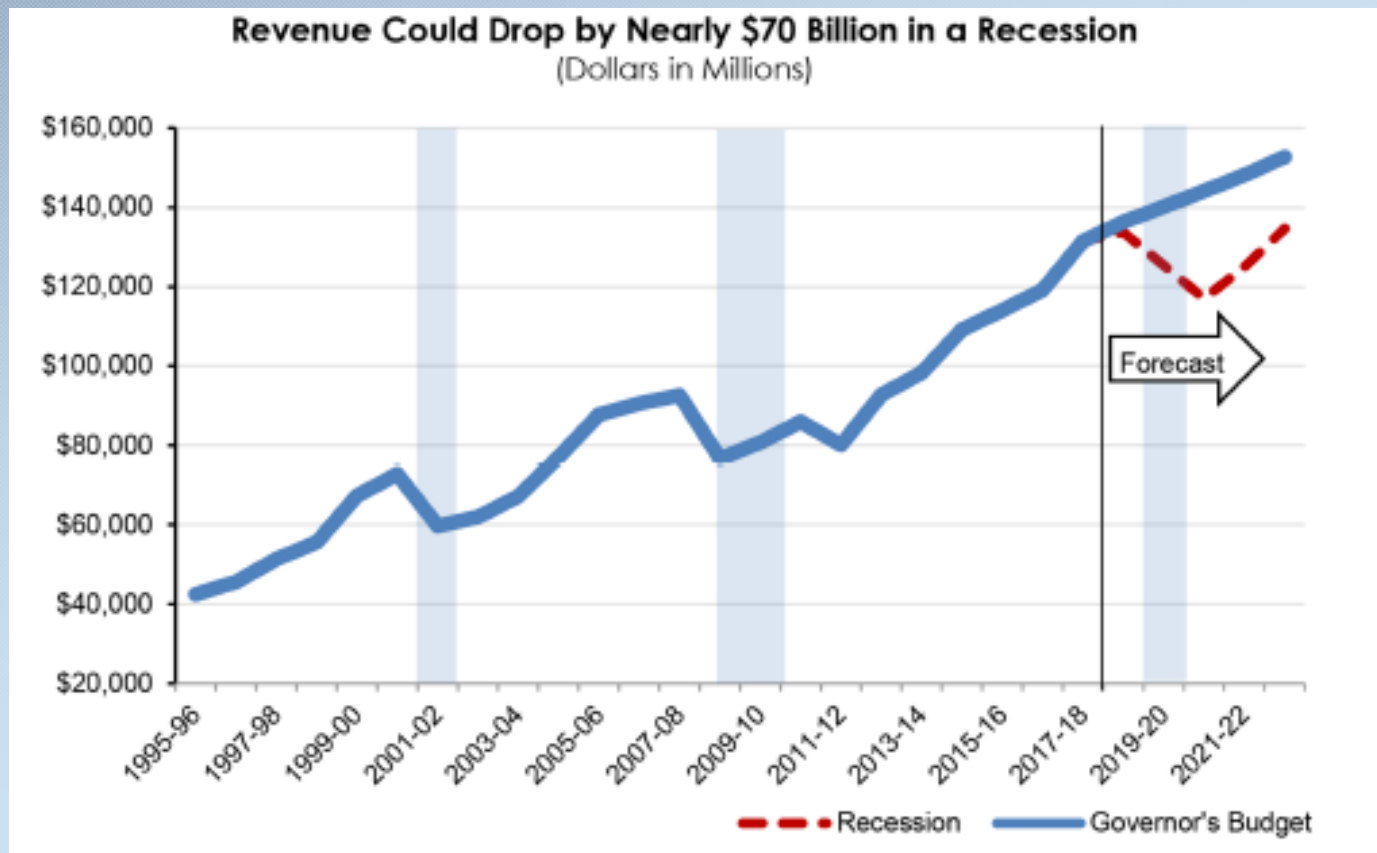
	2019-20	2020-21	2021-22
Non-Spendable:			
Revolving Cash	\$ 150,000	\$ 150,000	\$ 150,000
Stores/Prepaid Expenses	\$ 264,999	\$ 264,999	\$ 264,999
Restricted Programs	\$ 17,728,220	\$ 15,054,816	\$ 10,173,236
Committed Reserves:			
• Benefits Accounts	\$ 140,000	\$ 140,000	\$ 140,000
• Vacation Liability	\$ 1,109,470	\$ 1,109,470	\$ 1,109,470
• Declining Enrollment	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
• Local Protection	\$ 18,708,417	\$ 14,449,906	\$ 6,753,412
• Increased Pension Liability	\$ 3,097,339	\$ 2,206,145	\$ 506,757
• Facilities Maintenance	\$ 5,600,262	\$ 5,600,262	\$ 5,600,262
• Technology Refresh	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
• Future School Opening	\$ 500,000	\$ 500,000	\$ 0
• One-Time Discretionary	\$ 5,903,141	\$ 3,900,000	\$ 0
• LCAP & District Priorities	\$ 900,000	\$ 900,000	\$ 900,000
• District/School Programs	\$ 438,139	\$ 0	\$ 0
• Textbook Adoption	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
• ELL Carryover	\$ 1,500,000	\$ 0	\$ 0
• Anthem HRA	\$ 233,305	\$ 233,305	\$ 233,305
• Health & Welfare Insurance Rebate	\$ 330,000	\$ 0	\$ 0
• MAA/LEA Medi-Cal Program	\$ 394,461		

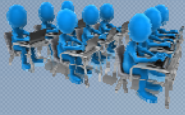
2019-20 July 1 Budget Adoption Tustin Unified School District *Future Risks and Challenges*



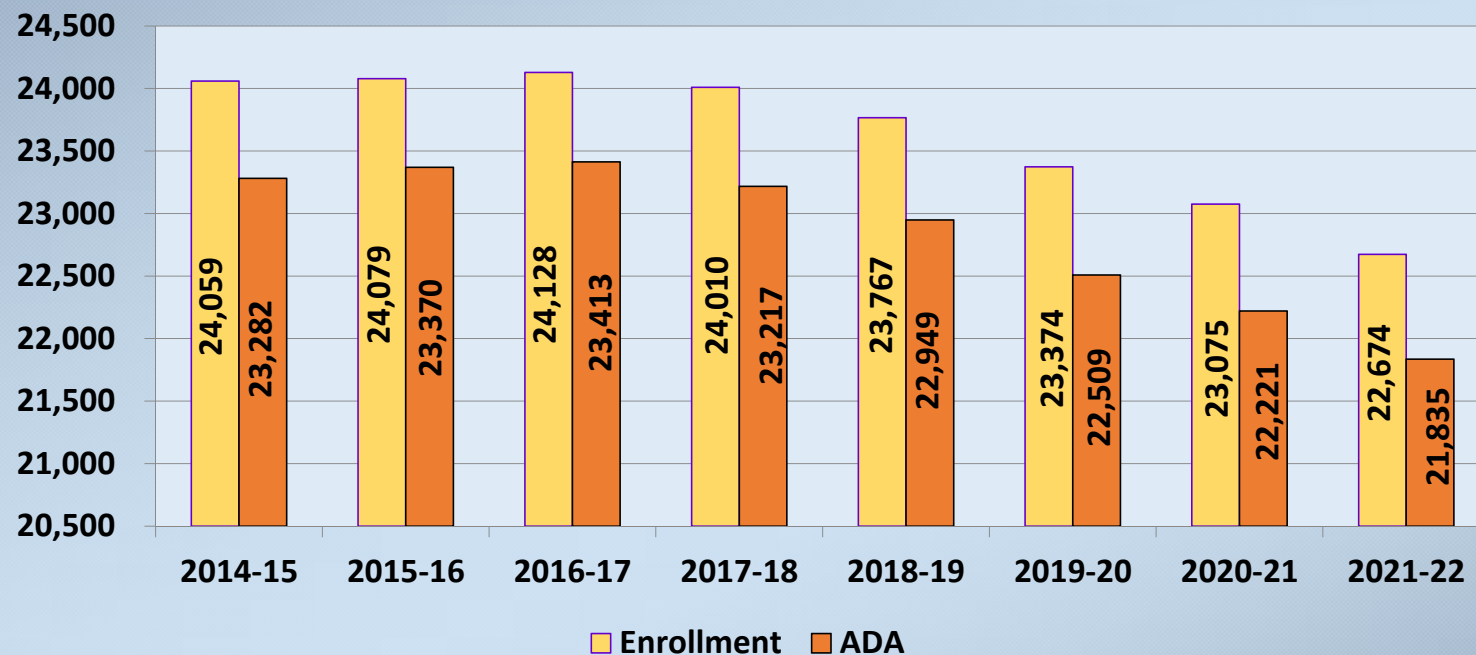
- LCFF FUNDING
 - COLA
 - 2018-19 3.70%
 - 2019-20 3.26%
 - 2020-21 3.00%
- ENROLLMENT
- COST INCREASES
 - Health & Welfare Premiums
 - Pension Liability (CalPERS and CalSTRS)
- INCREASE IN LEGAL REQUIREMENTS
- LOCAL EXPECTATIONS
- SPECIAL EDUCATION
- ELECTION 2020

2019-20 July 1 Budget Adoption Tustin Unified School District *Future Risks and Challenges* *Moderate Recession*



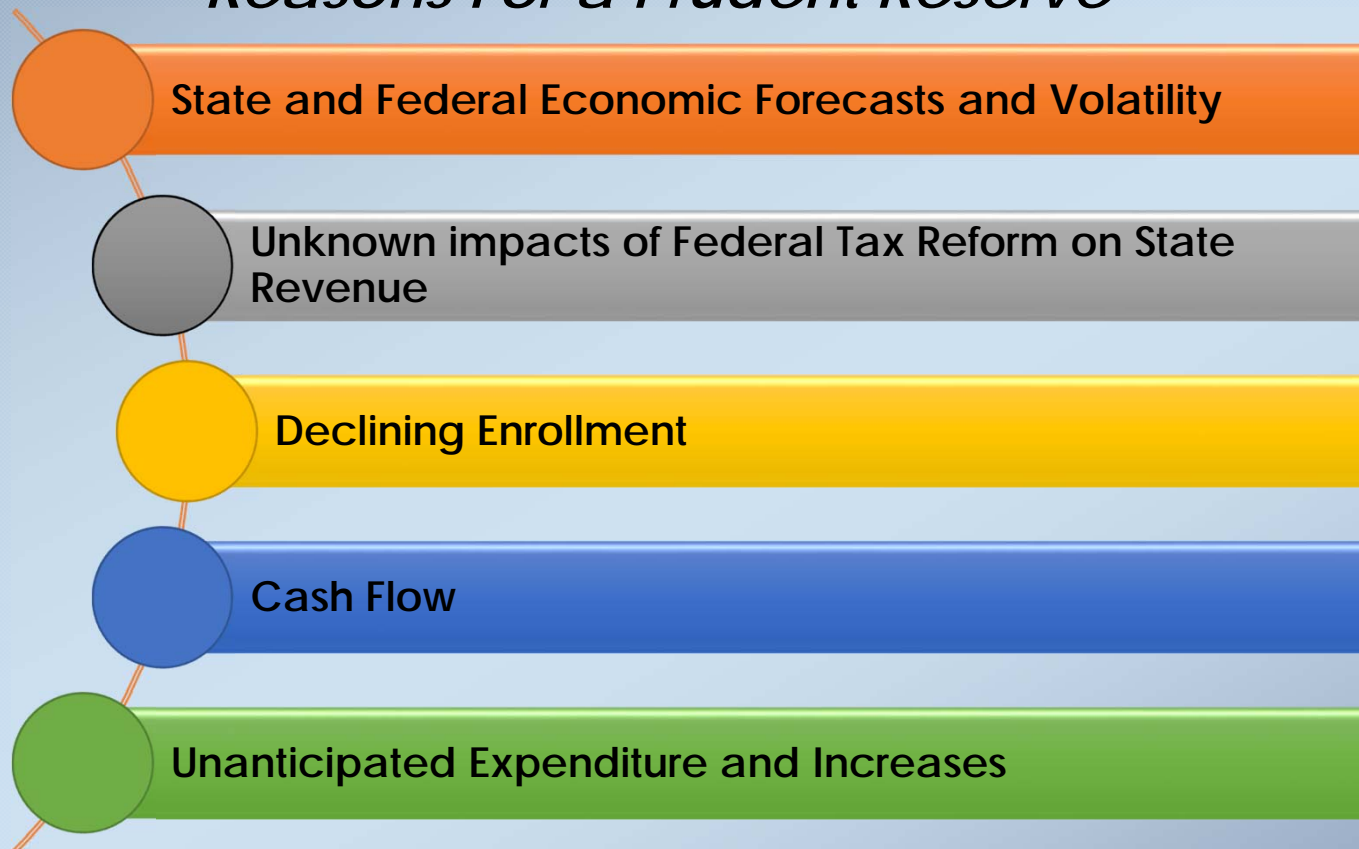
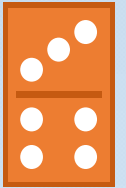


2019-20 July 1 Budget Adoption Tustin Unified School District *Future Risks and Challenges* *Enrollment/ADA - ALL*



Enrollment Changes	110	20	49	-118	-243	-393	-299	-401
ADA Changes	24	88	43	-196	-268	-440	-288	-386

2019-20 July 1 Budget Adoption Tustin Unified School District *Future Risks and Challenges* *Reasons For a Prudent Reserve*



2019-20 July 1 Budget Adoption

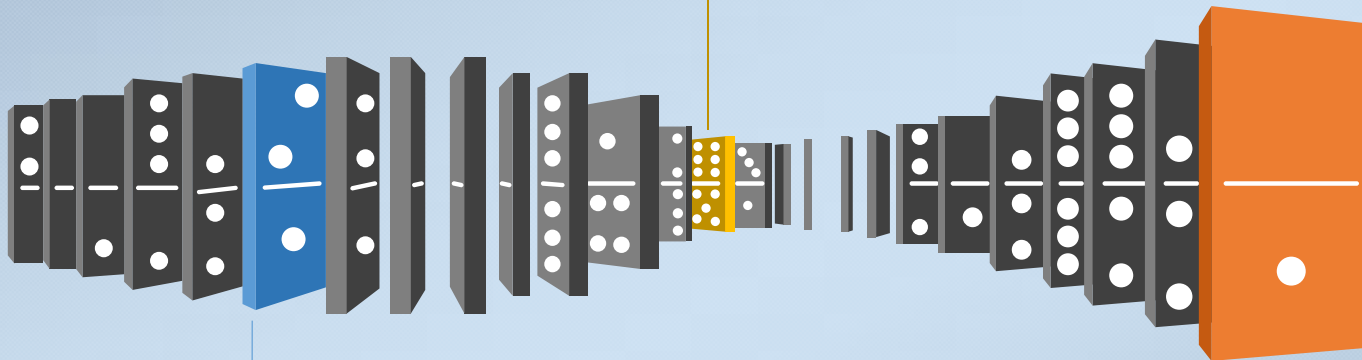
Tustin Unified School District

Budget Timeline



JULY

- 2019-20 Budget Takes effect July 1
- District attending July Finance Conference.
- Business begins the closing process for fiscal year 2018-19.



JUNE

- Houses and Governor meet to address outstanding budget issues.
- Houses approve Budget bill by June 15 (Approved June 13)
- Governor signs on the budget package by June 27.

AUGUST

- District to complete closing 2018-19
- Business updates 2019-20 Budget to Governor's Final Budget.
- Business to prepare 2018-19 Unaudited Actual Report for Board approval on September 9.

2019-20 July 1 Budget Adoption Tustin Unified School District *Certification*



In certifying the 2019-20 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 adjustments to maintain a positive certification.