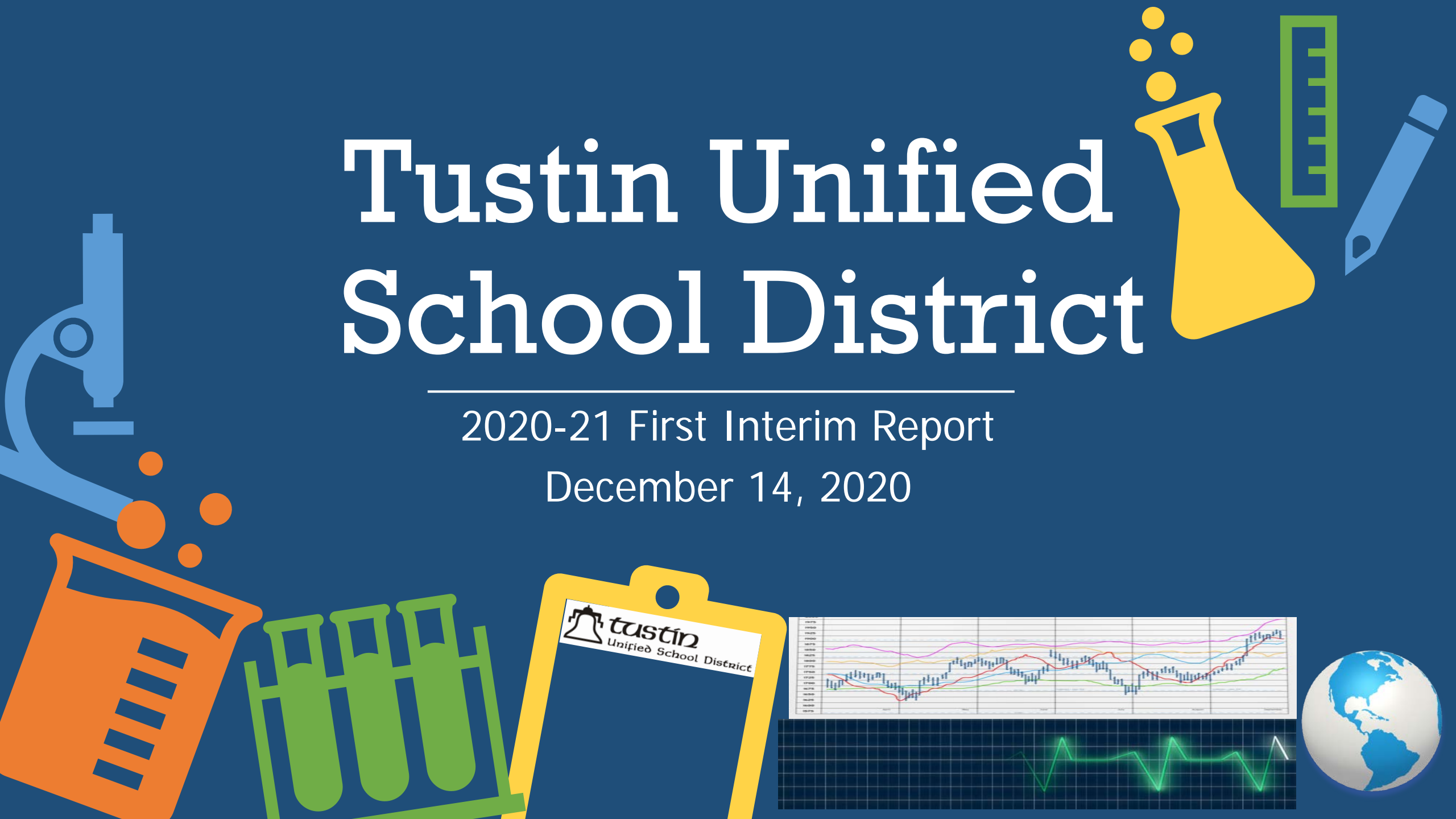


Tustin Unified School District

2020-21 First Interim Report

December 14, 2020





2020-21 First Interim Report

Budget Theme – 2020, A Defining Year for the Future



The Masked Preschooler



May the Fours be with You



Flower Power



Super Teamwork



Follow the arrows and signage



Student's will enter one at a time
Temperature check, hand sanitize, and teacher greet.



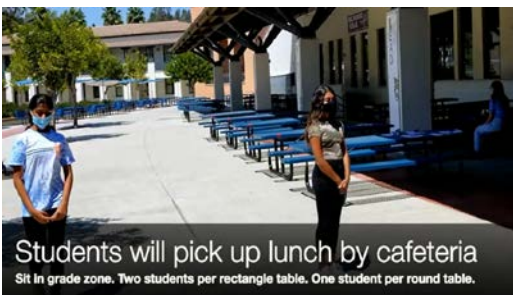
Student's will enter one at a time
Temperature check, hand sanitize, and teacher greet.



Student's will enter one at a time
Temperature check, hand sanitize, and teacher greet.



Wash hands using washing stations
Wash your hands frequently and with soap for at least 20 seconds before rinsing



Students will pick up lunch by cafeteria
Sit in grade zone. Two students per rectangle table. One student per round table.



Students will pick up lunch by cafeteria
Sit in grade zone. Two students per rectangle table. One student per round table.



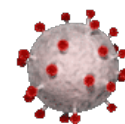
Students will pick up lunch by cafeteria
Sit in grade zone. Two students per rectangle table. One student per round table.



Only three students in restroom at a time
Only use available stalls and sinks.

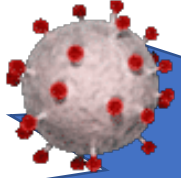


Only three students in restroom at a time
Only use available stalls and sinks.



2020-21 First Interim Report

2020 Events Impacting K-12 Education



Coronavirus
(COVID-19
Pandemic)

WildFires



Equity/Equality



Earthquake



Presidential
Election



Supreme
Court
Nomination



Protest/Riots





- **State and National Economy**
- **Education Budget**
- **COVID-19 One-Time Funds Update**
- **Tustin 2020-21 Multi-Year Budget**
 - **Revenue Projections**
 - **Expenditure Projections**
 - **Cash Flow**
- **LCFF Budget Overview for Parents**
- **Unpredictable Time Ahead**
 - **Tustin Risks and Challenges**
- **Budget Considerations and Long-Term Planning**
- **Budget Timeline**
- **Budget Certification**

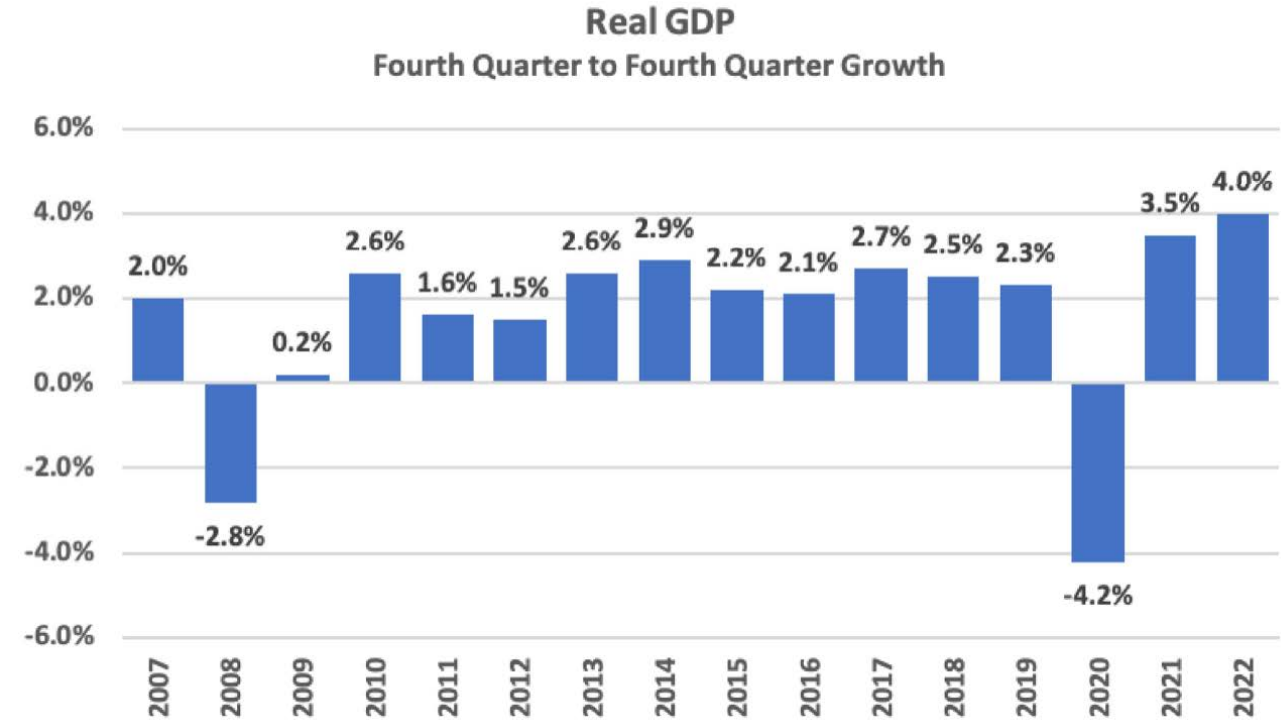
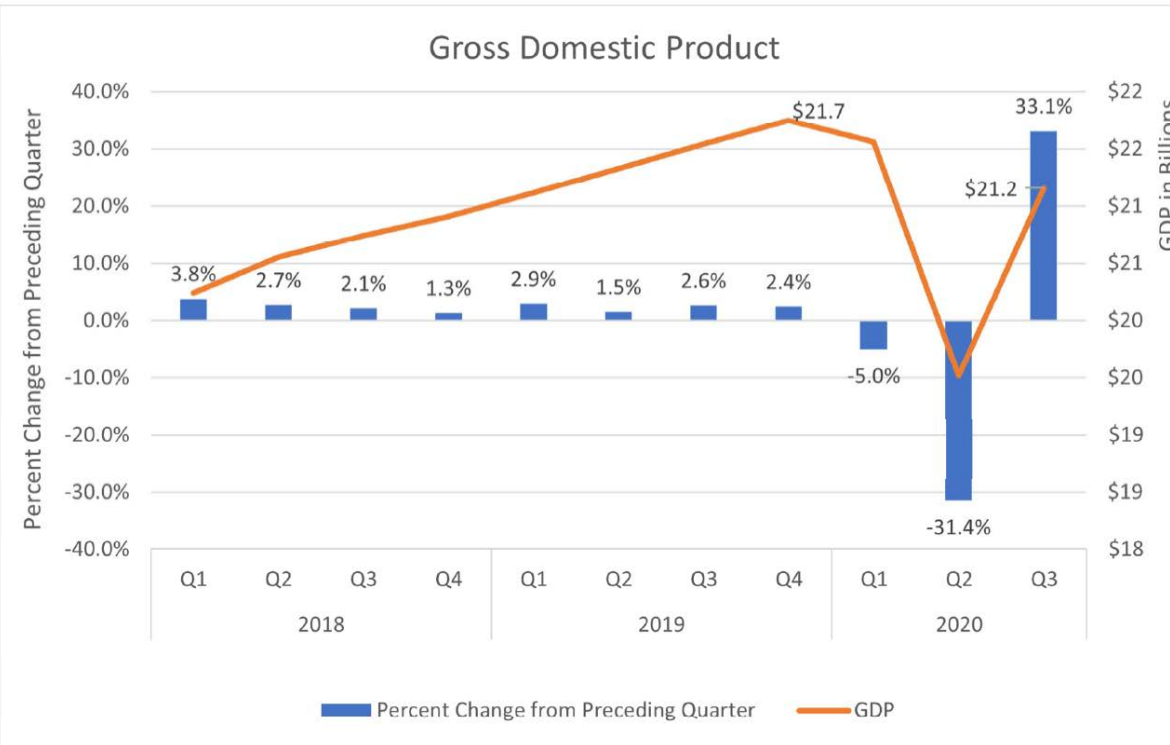


2020-21 First Interim Report

State and National Economy - Indicators



Economy Indicators: GDP, Labor Market, and Housing

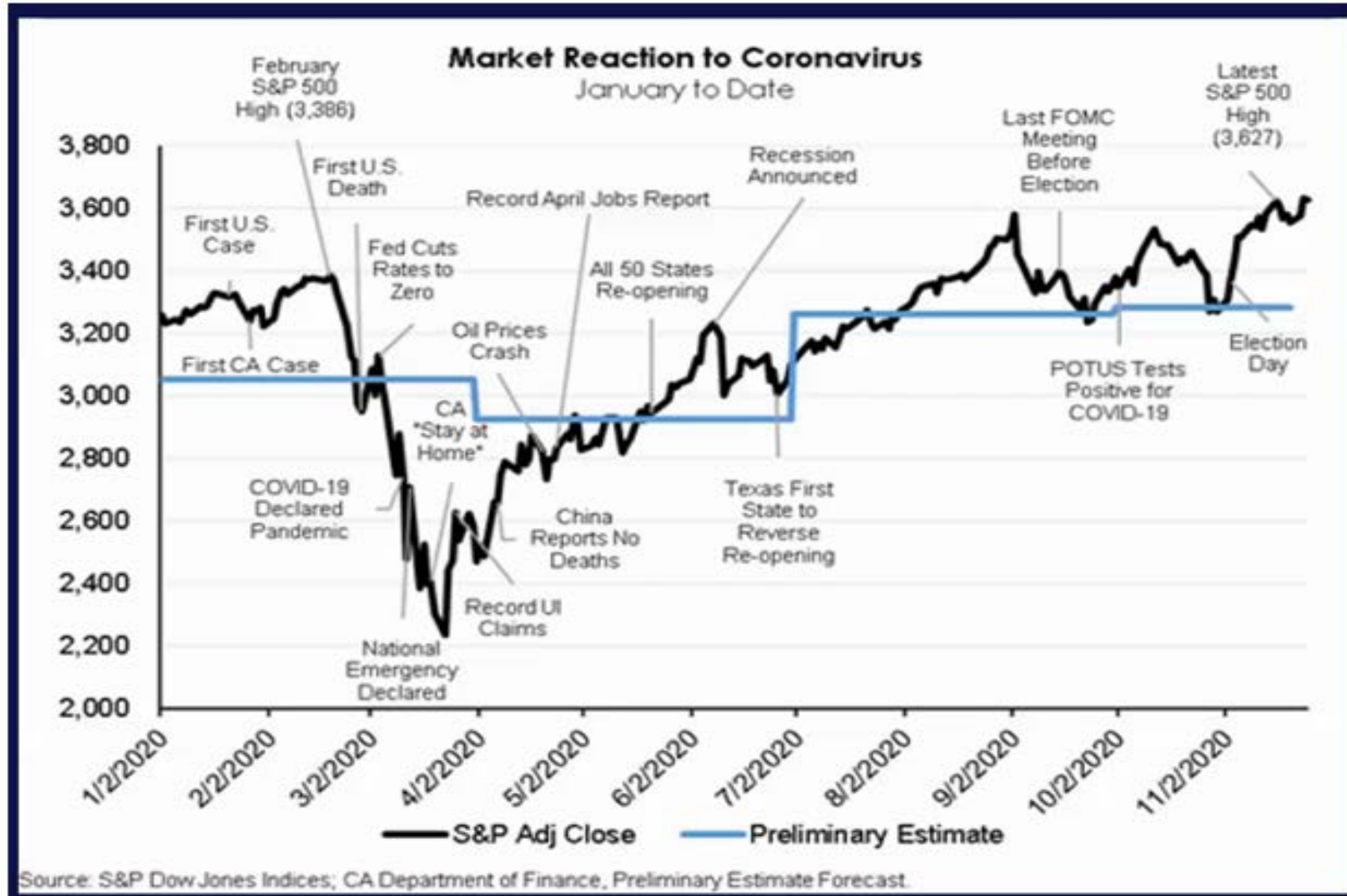


Labor Market: National Unemployment Rate -> 7.8% by the end of 2020 and 4.7% by 2022 (California -> 6% by 2022)

Housing: Home Sales exceed 2019



State and National Economy – Market Impact of Coronavirus



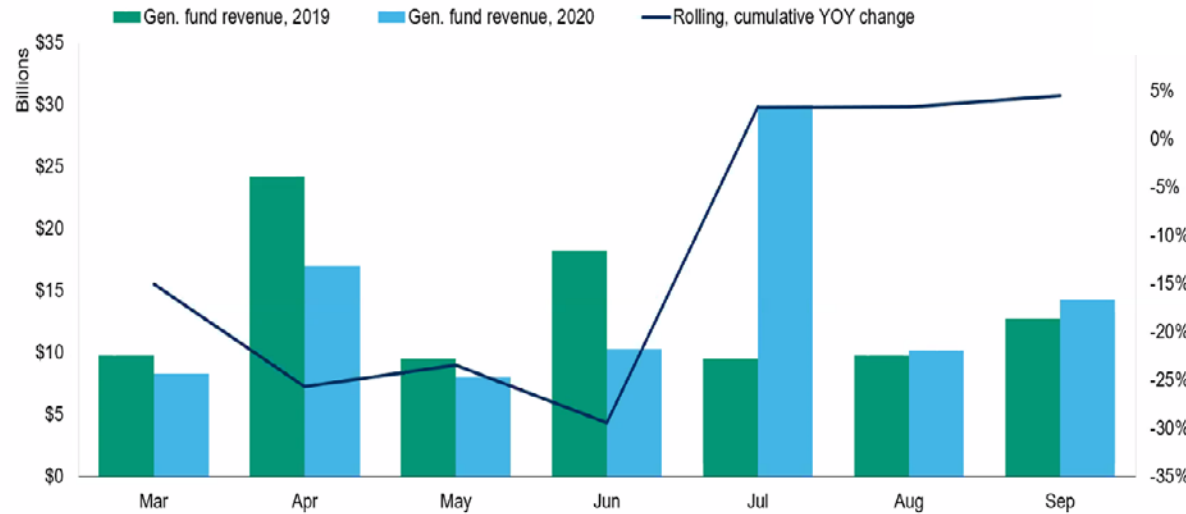


2020-21 First Interim Report

Education Budget – Tax Collection



California state revenue rebounding



Through September, the state's fiscal 2021 general fund revenue is 15% above forecast due to larger than anticipated personal income taxes

Source: Moody's Investors Service and the State of California

MOODY'S INVESTORS SERVICE

Moody's Briefing: California, November 2020

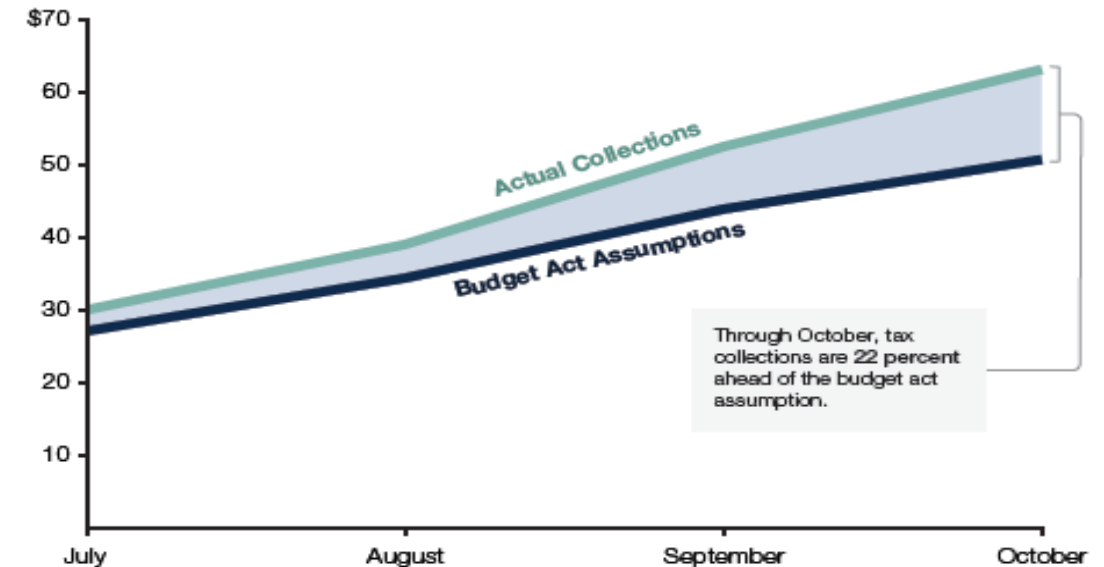
6

Figure 2

Tax Collection Well Ahead of Budget Act

Total 2020-21 Collections to Date

Personal Income, Corporation, and Sales Taxes (In Billions)



LAOA

State General Fund K-14 Education Revenue Allocation: 40%

State General Fund Revenue Sources: 70% Personal Income Tax, 20% Sales and Use Taxes, and 10% Corporate Tax

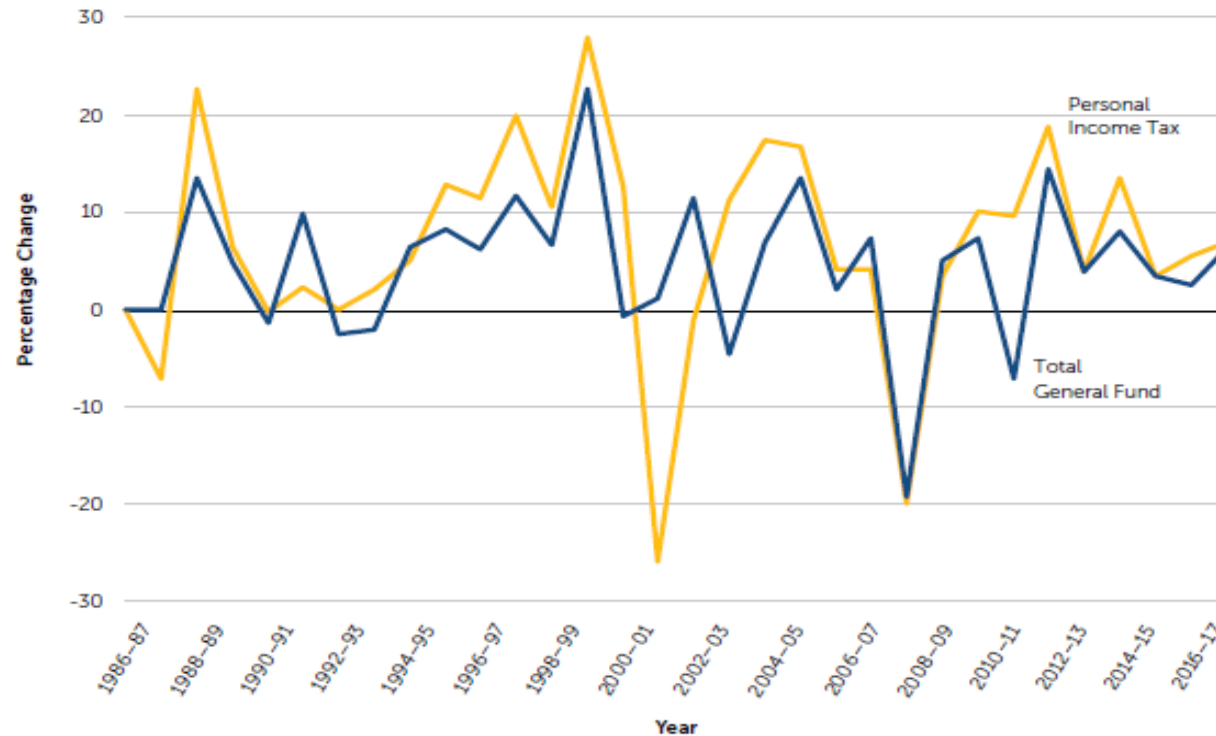


2020-21 First Interim Report

Education Budget – Tax Collection



Change in California Personal Income Tax Revenue, 1987–2018

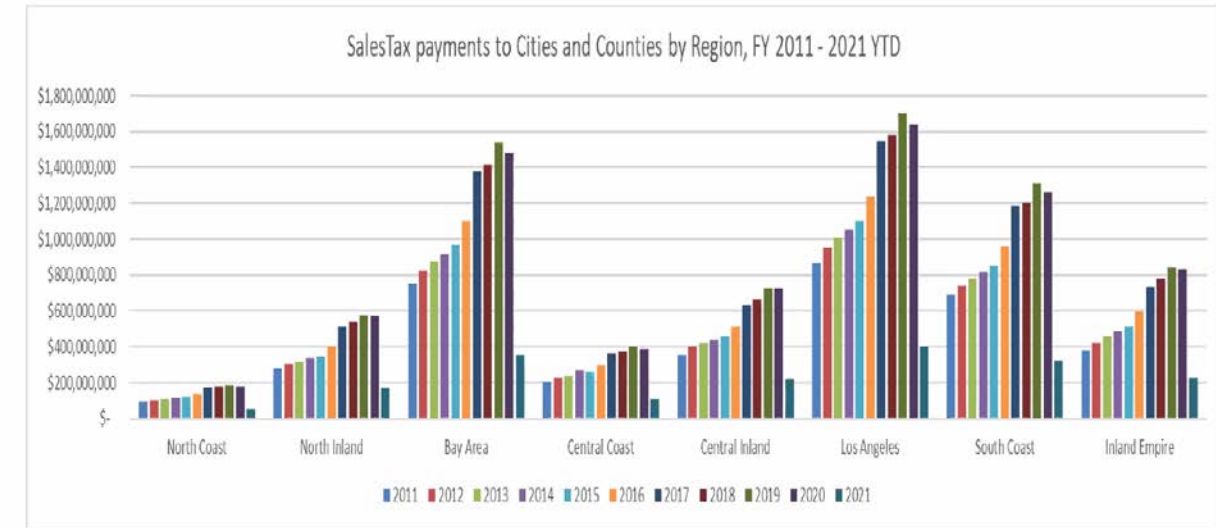


Source: From Historical Data, by Legislative Analyst's Office, n.d. (lao.ca.gov/PolicyAreas/state-budget/historical-data).

2020 sales tax declines vary widely across state

Based on current collections, all regions are recovering except for the Bay Area and Los Angeles

Talking: Eric Hoffmann



Source: California Dept. of Tax and Fee Administration

MOODY'S INVESTORS SERVICE

Moody's Briefing: California, November 2020 9



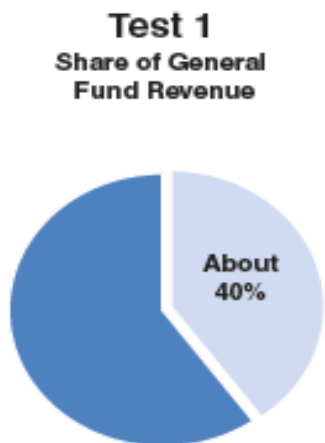
2020-21 First Interim Report

Education Budget – Proposition 98



Figure 1

Three Proposition 98 Tests



Guarantee based on share of state General Fund revenue going to K-14 education in 1986-87.

ADA = average daily attendance.

Test 2
Change in Per Capita Personal Income (PCPI)



Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and California PCPI.

Test 3
Change in General Fund Revenue



Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and state General Fund revenue.

LAOA

2020-21 Proposition 98 Guarantee

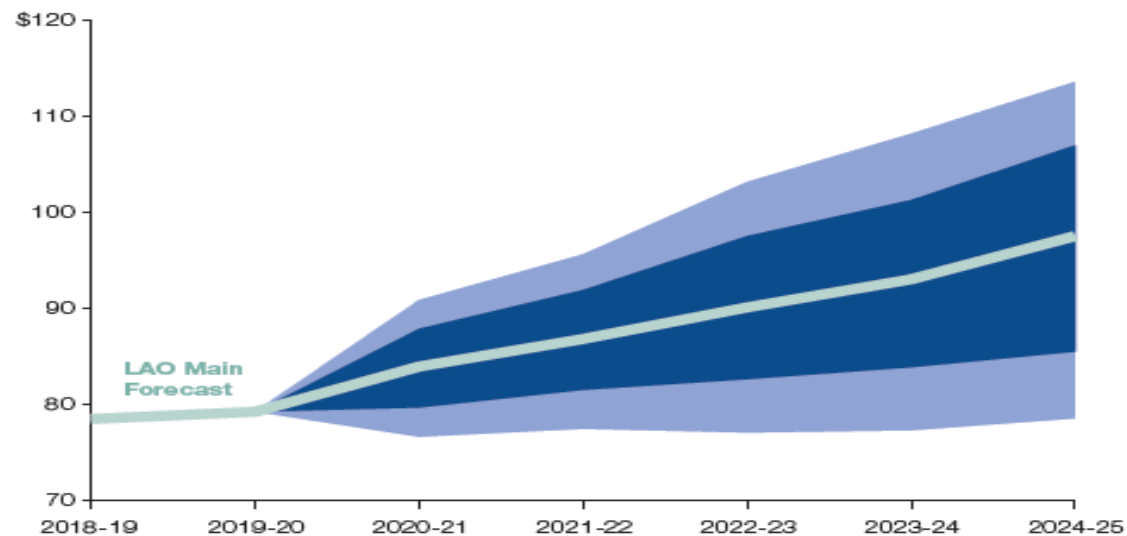
June Budget Projection = \$70.1 Billion
Current Budget Projection = \$84 Billion

Figure 8

Proposition 98 Funding Estimates Become More Uncertain Over Time

(In Billions)

The shaded regions on this graph show how the minimum guarantee (including the supplemental payments) might differ from our **main forecast**, given the potential for changes in state revenue. Our estimates suggest the guarantee is more likely than not to be in the **inner shaded area**. The guarantee is less likely to be in the **outer shaded area**, and very unlikely to be beyond the shaded area.



LAOA

2021-22 Proposition 98 Guarantee

Current Budget Projection = \$84.6 Billion



California Election 2020: No Seismic Shifts









| Select California State and Local Ballot Measures | | | |
|---|---|-----------|-------------------------------------|
| Statewide: | Purpose | Pass/Fail | Credit Implications of Vote Outcome |
| Prop. 14 | More state bonds for stem cell research | PASS | -- |
| Prop. 15 | Prop. 13 amended for "split roll" | FAIL | -- |
| Prop. 19 | AV portability for seniors...wildfire funding | PASS | Positive |
| Prop. 21 | Expands local gov. rent control authority | FAIL | -- |
| Prop. 22 | Exempts Uber/Lyft from AB5 | PASS | -- |
| Prop. 25 | Repeals existing cash bail system | FAIL | -- |



2020-21 First Interim Report

One-Time COVID-19 Funds Update



| Tustin Unified School District 2019-20 & 2020-21 COVID-19 Funds | | | | | | |
|---|---|--|---|---|---|---|
|   |  |  |  |  |  |  |
| HEALTH & SAFETY | STAFF EXPENSES | TRANSPORATION | NUTRITION SERVICES | TECHNOLOGY | INSTRUCTIONAL MATERIALS & SUPPLIES | SPECIAL EDUCATION |
| Disinfecting and cleaning supplies PPE for staff and students Handwashing stations Electrostatic sprayers Additional Custodial | Mental Health Learning Loss State Instruction Staff Development Excess staffing over enrollment Substitutes | First Student Transportation Services Including Special Ed Transportation | Non-food supplies Food Supplies and Equipment | Instructional Platforms Student Devices Internet Access, Software and Equipment | Learning Materials and Supplies | NPA/NPS Consultants and Staffing Mental Health Materials and Supplies Transportation Special Ed Parent Reimbursement |
| \$2,759,765 | \$3,668,528 | \$878,794 | \$587,506 | \$3,907,870 | \$394,937 | \$1,629,826 |
| COVID-19 Funding Allocation: \$16,456,567 | | | | | | |
| Total Expenditures/Commitments: \$13,827,226 | | | | | | |
| Other Operational Costs: \$179,949 | | | | | | |
| 2019-20 & 2020-21 Total Expenditures: \$14,007,175 | | | | | | |
| 2021-22 Balance: \$2,449,392 | | | | | | |
| COVID-19 Total Funds: \$16,456,567 | | | | | | |

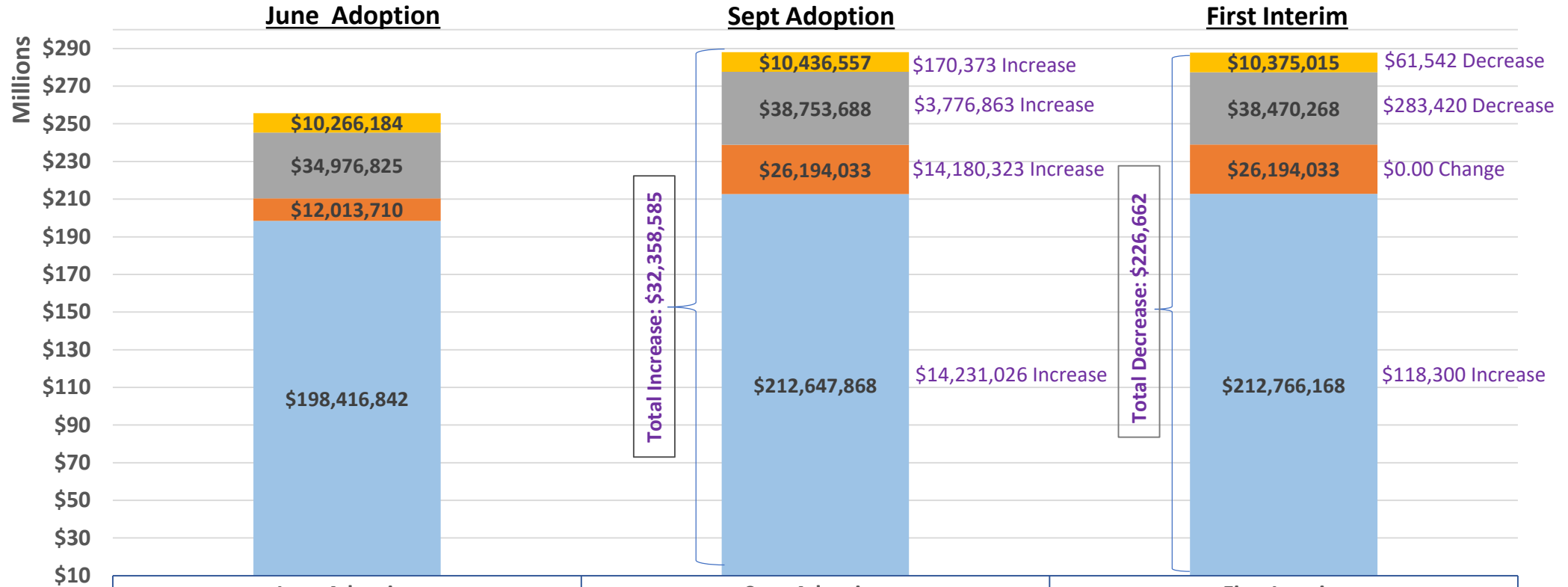


2020-21 First Interim Report



Multi-Year Budget Projections- 2020-21 Revenue Comparison

June – October Revenue Budget Comparison



| | June Adoption | Sept Adoption | First Interim |
|-----------------------|----------------------|----------------------|----------------------|
| Other Local | \$10,266,184 | \$10,436,557 | \$10,375,015 |
| Other State | \$34,976,825 | \$38,753,688 | \$38,470,268 |
| Federal | \$12,013,710 | \$26,194,033 | \$26,194,033 |
| LCFF Source | \$198,416,842 | \$212,647,868 | \$212,766,168 |
| Total Revenues | \$255,673,561 | \$288,032,146 | \$287,805,484 |

Total Increase: \$32,358,585

Total Decrease: \$226,662



2020-21 First Interim Report

Multi-Year Budget Projections



| | 2019-20 (Unaudited Actuals) | 2020-21 (First Interim) | 2021-22 | 2022-23 |
|--|--------------------------------|----------------------------|------------------------|------------------------|
| REVENUES: | | | | |
| LCFF Source | \$ 215,814,242 | \$ 212,766,168 | \$ 212,732,078 | \$ 200,394,605 |
| Federal | 8,828,458 | 26,194,033 | 9,224,101 | 9,224,101 |
| Other State | 39,879,392 | 38,470,268 | 35,784,393 | 35,486,508 |
| Other Local | <u>16,819,695</u> | <u>10,375,015</u> | <u>8,124,726</u> | <u>7,853,933</u> |
| TOTAL REVENUES | \$ 281,341,787 | \$ 287,805,484 | \$ 265,865,298 | \$ 252,959,147 |
| EXPENDITURES: | | | | |
| Certificated Salaries | \$ 115,438,664 | \$ 114,375,793 | \$ 112,812,557 | \$ 113,062,887 |
| Classified Salaries | 42,424,458 | 44,919,711 | 45,419,936 | 46,511,878 |
| Employee Benefits | 70,441,924 | 69,121,405 | 70,946,753 | 73,321,099 |
| Books and Supplies | 10,694,239 | 21,934,012 | 14,882,832 | 13,984,107 |
| Services and Other Operating Expenditures | 25,851,473 | 35,290,529 | 31,594,245 | 32,647,177 |
| Capital Outlay | 465,154 | 746,015 | 757,877 | 772,049 |
| Other Outgo – Payment and Indirect Transfers | <u>2,964,283</u> | <u>2,880,326</u> | <u>2,694,626</u> | <u>2,745,015</u> |
| TOTAL EXPENDITURES | \$ 268,280,195 | \$ 289,267,791 | \$ 279,108,826 | \$ 283,044,212 |
| TOTAL TRANSFERS OUT | \$ 5,414,605 | \$ 3,500,000 | \$ 3,000,000 | \$ 3,000,000 |
| NET CHANGE | \$ 7,646,987 | (\$ 4,962,307) | (\$ 16,243,528) | (\$ 33,085,065) |
| BEGINNING BALANCE | \$ 89,864,449 | \$ 97,511,436 | \$ 92,549,129 | \$ 76,305,601 |
| ENDING FUND BALANCE | \$ 97,511,436 | \$ 92,549,129 | \$ 76,305,601 | \$ 43,220,536 |
| 3% Requirement for Economic Uncertainty | \$ 8,210,844 | \$ 8,783,034 | \$ 8,463,265 | \$ 8,581,326 |
| Other Required Reserves | \$ 89,300,592 | \$ 83,766,095 | \$ 67,842,336 | \$ 34,639,210 |



2020-21 First Interim Report

Multi-Year Budget Projections – Fund Balance



| Components of Ending Fund Balance | 2019-20 (Unaudited Actuals) | 2020-21 (First Interim) | 2021-22 | 2022-23 |
|---|--------------------------------|----------------------------|--------------|--------------|
| 3% Requirement for Economic Uncertainties | \$ 8,210,844 | \$ 8,783,034 | \$ 8,463,265 | \$ 8,581,326 |
| Non-Spendable Reserves: | | | | |
| • Revolving Cash | 150,000 | 150,000 | 150,000 | 150,000 |
| • Stores/Prepaid Expenses | 309,297 | 309,297 | 309,297 | 309,297 |
| • Benefits Bank Accounts | 270,000 | 270,000 | 270,000 | 270,000 |
| Restricted COVID Federal Expenses Carryover | (2,231,083) | 0 | 0 | 0 |
| Restricted Fund Balance | 20,905,257 | 19,065,911 | 17,105,491 | 9,810,574 |
| <u>Committed Reserves:</u> | | | | |
| • Vacation Liability | 1,493,823 | 2,397,235 | 2,397,235 | 2,397,235 |
| • Declining Enrollment | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| • Local Protection | 22,942,522 | 22,942,522 | 18,405,477 | 285,656 |
| • Pension Liability | 0 | 0 | 718,741 | 3,678,979 |
| • Facilities Maintenance | 5,600,262 | 5,600,262 | 5,600,262 | 5,600,262 |
| • Technology Refresh | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| • Future School Opening | 100,000 | 100,000 | 0 | 0 |
| • One-Time Discretionary | 22,642,418 | 16,565,787 | 9,251,501 | 0 |
| • School Program Carryover | 842,539 | 0 | 0 | 0 |
| • Textbook Adoption | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| • ELL Carryover | 2,121,412 | 2,121,412 | 0 | 0 |
| • Anthem HRA Liability | 137,207 | 137,207 | 137,207 | 137,207 |
| • Health & Welfare Insurance Rebate | 1,407,601 | 1,497,125 | 1,497,125 | 0 |
| • MAA/Medi-Cal Program Carryover | 609,337 | 609,337 | 0 | 0 |

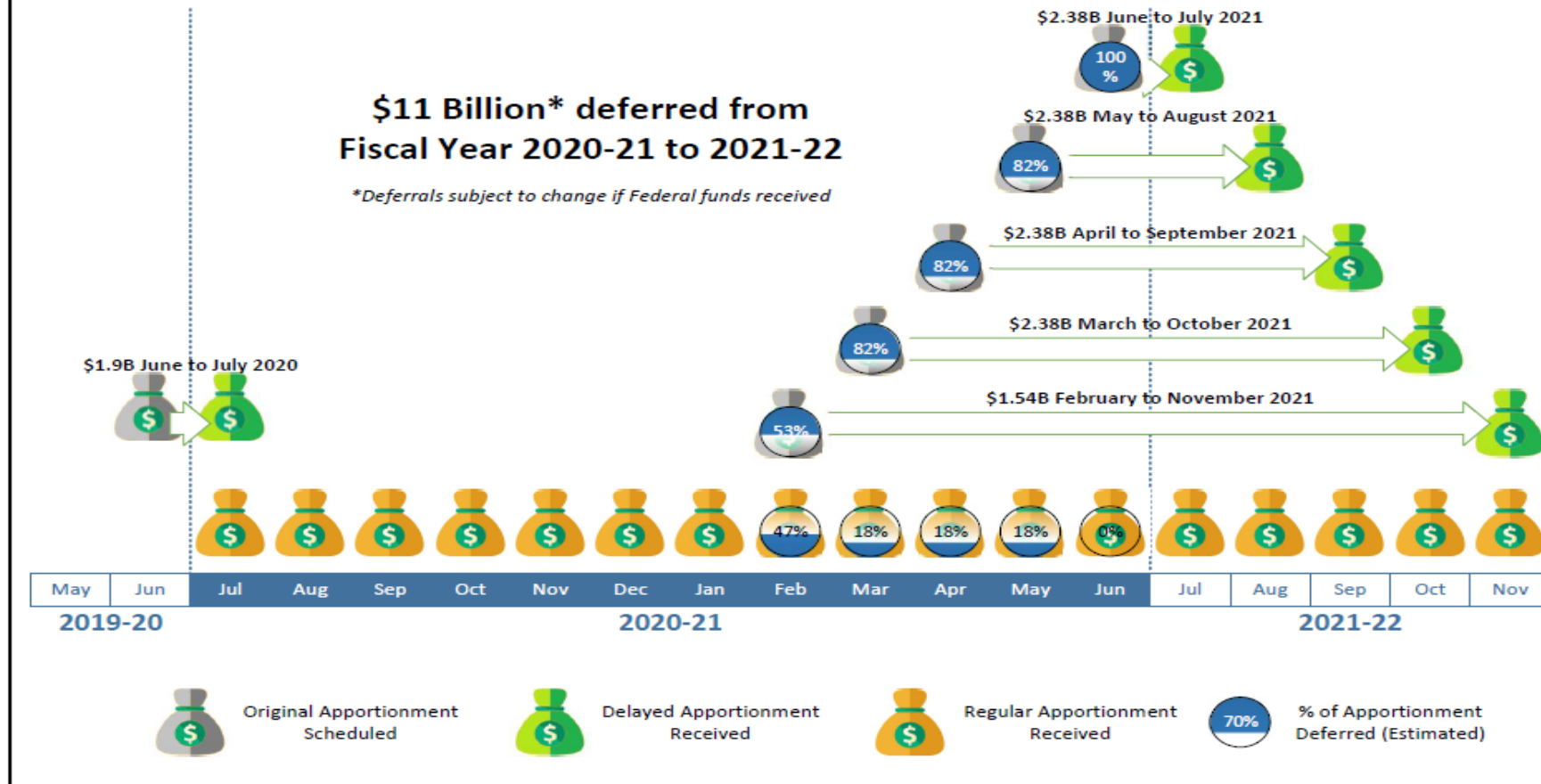


2020-21 First Interim Report

Multi-Year Budget Projections -Cash Flow



2020-21 Apportionment Deferrals

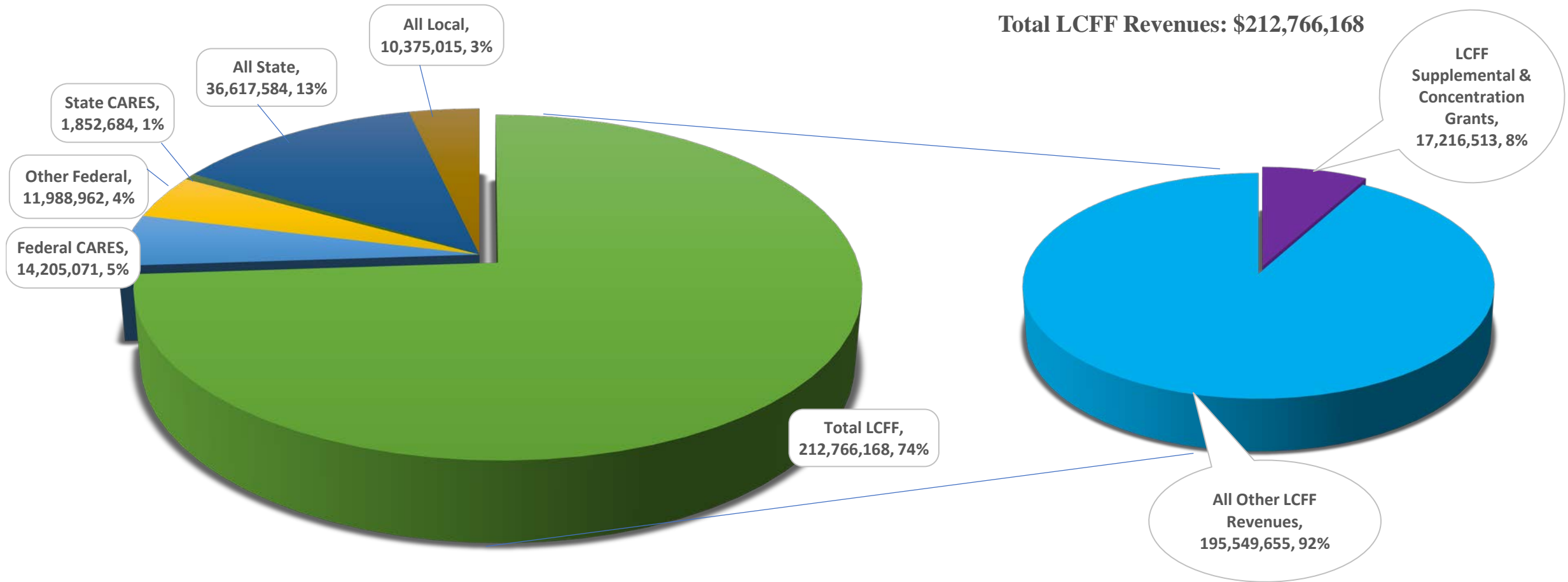


Tustin Deferral = \$26.1 Million

Tustin Monthly Average Cash Flow = \$22.2 Million (Salaries \$14.6, 66%/Benefits \$5.3, 24%/Other Expenses \$2.3, 10%)

2020-21 First Interim Report

LCFF Budget Overview for Parents



Total All Revenues: \$287,805,484

2020-21 First Interim Report

LCFF Budget Overview for Parents



California Education Code requires each school district to develop the Local Control Funding Formula (LCFF) Budget Overview for Parents in conjunction with the LCAP by July 1 of each year.

SB 98 decoupled the Budget Overview for Parents from the LCAP for 2020-21 and tied to the First Interim Report.

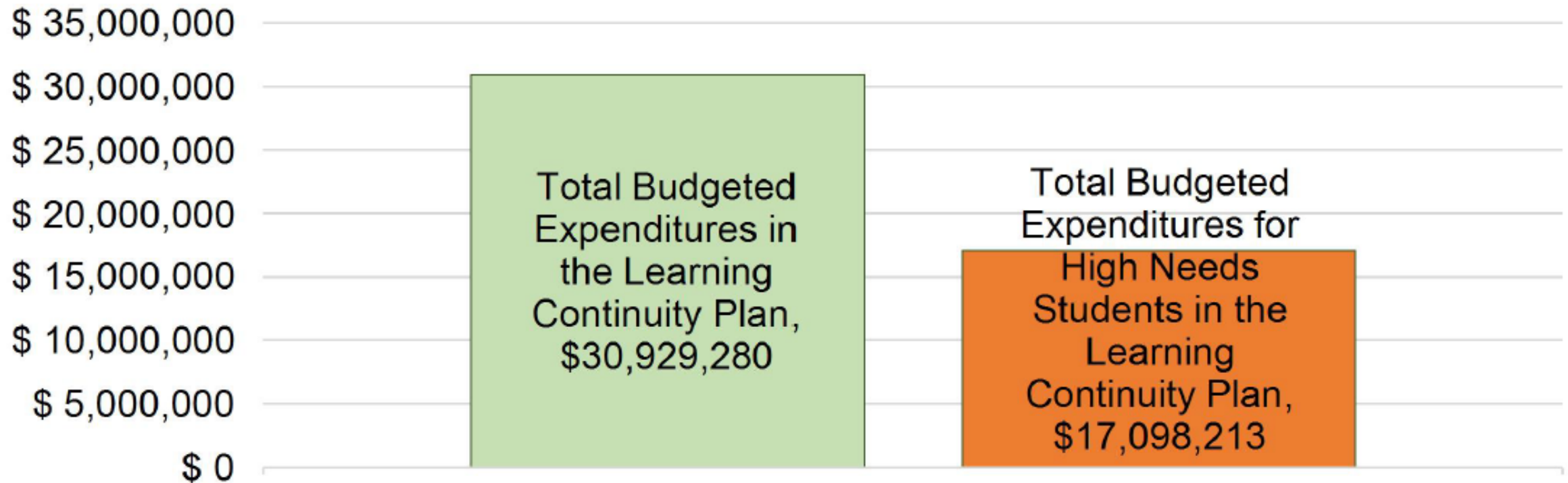
SB 820 requires the Budget Overview for Parents template to be aligned to the Learning Continuity Plan that was in place of the LCAP.

2020-21 First Interim Report

LCFF Budget Overview for Parents



Budgeted Expenditures in the Learning Continuity Plan



2020-21 First Interim Report

LCFF Budget Overview for Parents



LCFF Budget Overview for Parents

Local Educational Agency (LEA) Name: Tustin Unified School District

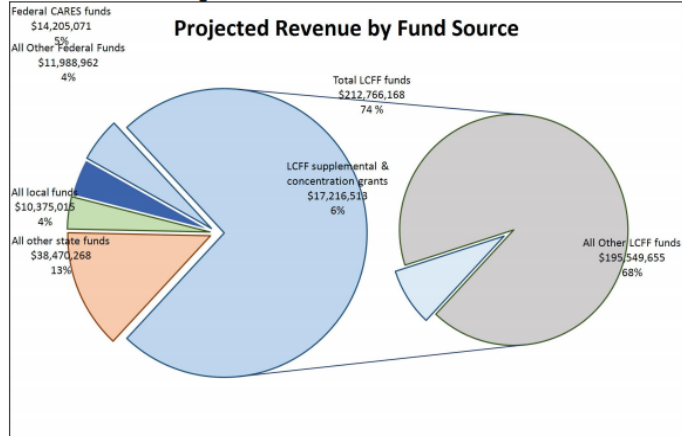
CDS Code: 30 73643-0000000

School Year: 2020-2021

LEA contact information: Christine Matos, Assistant Superintendent, Maggie Villegas, Assistant Superintendent

School districts receive funding from different sources: state funds under the Local Control Funding Formula (LCFF), other state funds, local funds, and federal funds. LCFF funds include a base level of funding for all LEAs and extra funding - called "supplemental and concentration" grants - to LEAs based on the enrollment of high needs students (foster youth, English learners, and low-income students).

Budget Overview for the 2020-21 LCAP Year

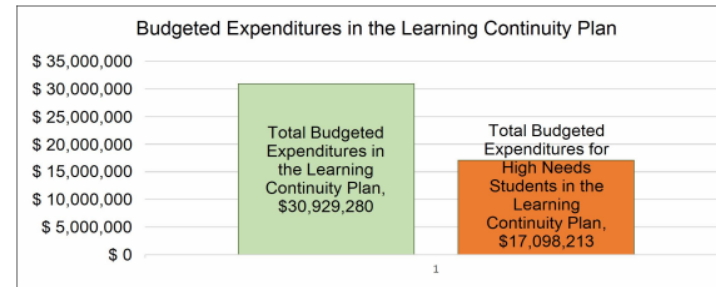


This chart shows the total general purpose revenue Tustin Unified School District expects to receive in the coming year from all sources.

The total revenue projected for Tustin Unified School District is \$287,805,484, of which \$212,766,168 is Local Control Funding Formula (LCFF), \$38,470,268 is other state funds, \$10,375,015 is local funds, and \$26,194,033 is federal funds. Of the \$26,194,033 in federal funds, \$14,205,071 are federal CARES Act funds. Of the \$212,766,168 in LCFF Funds, \$17,216,513 is generated based on the enrollment of high needs students (foster youth, English learner, and low-income students).

LCFF Budget Overview for Parents

For the 2020-21 school year school districts must work with parents, educators, students, and the community to develop a Learning Continuity and Attendance Plan (Learning Continuity Plan). The Learning Continuity Plan replaces the Local Control and Accountability Plan (LCAP) for the 2020-21 school year and provides school districts with the opportunity to describe how they are planning to provide a high-quality education, social-emotional supports, and nutrition to their students during the COVID-19 pandemic.



This chart provides a quick summary of how much Tustin Unified School District plans to spend for planned actions and services in the Learning Continuity Plan for 2020-2021 and how much of the total is tied to increasing or improving services for high needs students.

Tustin Unified School District plans to spend \$292,767,791 for the 2020-21 school year. Of that amount, \$30,929,280 is tied to actions/services in the Learning Continuity Plan and \$261,838,511 is not included in the Learning Continuity Plan. The budgeted expenditures that are not included in the Learning Continuity Plan will be used for the following:

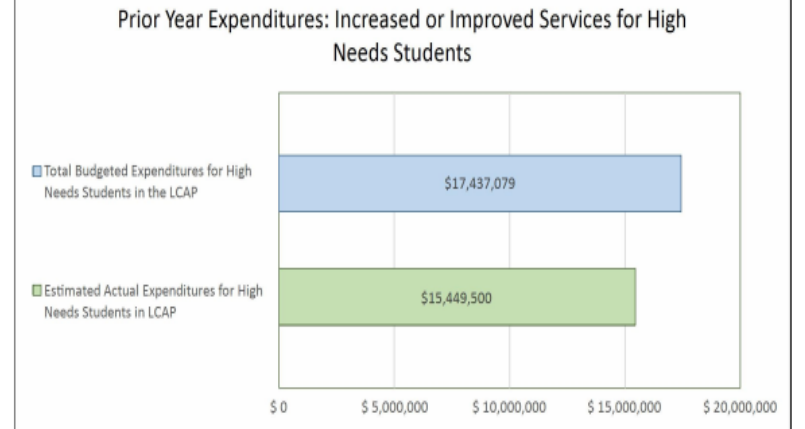
- School Instructional Programs, Special Education Instruction and Nonpublic Schools and Agencies
- Instructional related services (Instructional Supervision, Curriculum Development and Research, Instructional Library Media and Technology, and School Administrators)
- Student Services (Guidance and Counseling, Psychological Service, Health, Speech Pathology and Audiology Services, Testing, and Transportation)
- School Sponsored Athletics
- Community Services
- General Administration (School Board, Superintendent, Fiscal Services, Accounting, Payroll, Warehouse, Purchasing, Human Resources, and Data Processing)
- Plant Services (Maintenance, Operations, Utilities, and Security).

These expenditures are not specified in the LCAP but are essential to the organization's functions.

Increased or Improved Services for High Needs Students in the Learning Continuity Plan for the 2020-2021 School Year

LCFF Budget Overview for Parents

Update on Increased or Improved Services for High Needs Students in 2019-20



This chart compares what Tustin Unified School District budgeted in the 2019-20 LCAP for actions and services that contributed to increasing or improving services for high needs students with what Tustin Unified School District actually spent on actions and services that contributed to increasing or improving services for high needs students in the 2019-20 school year.

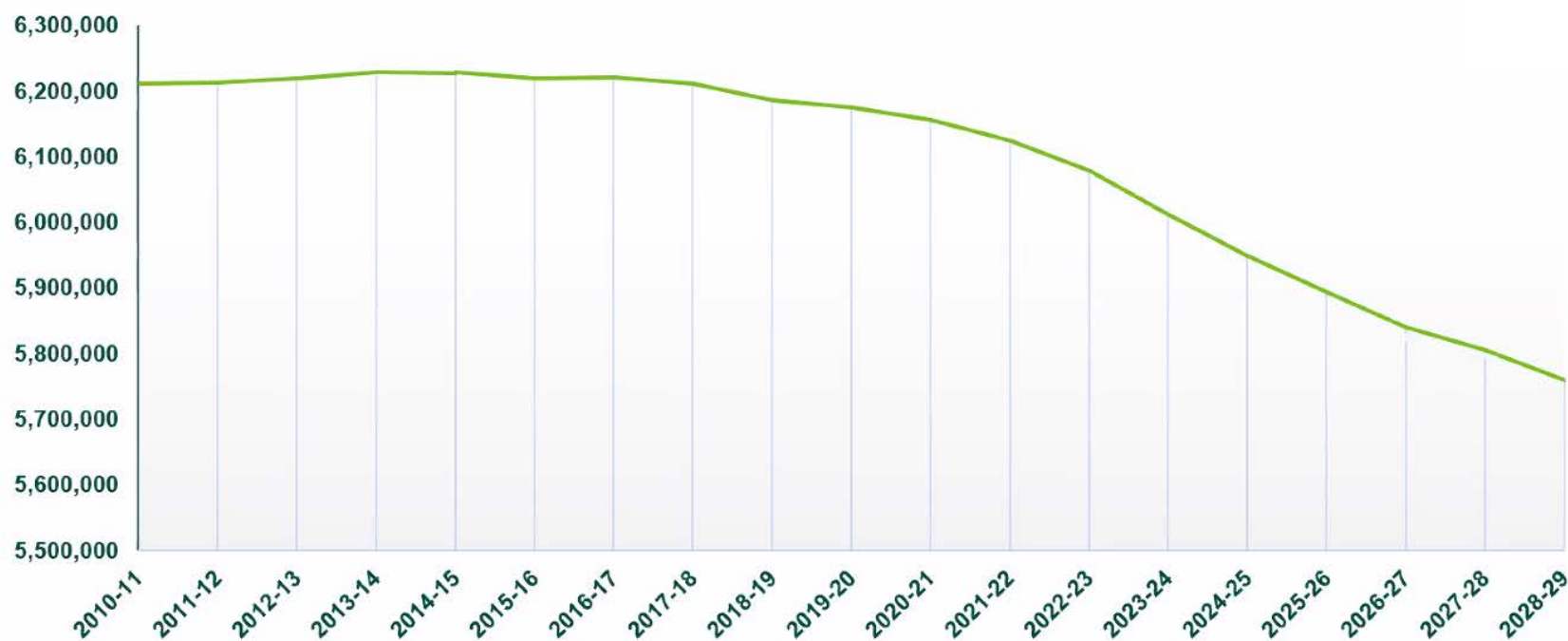
In 2019-20, Tustin Unified School District's LCAP budgeted \$17,437,079.00 for planned actions to increase or improve services for high needs students. Tustin Unified School District actually spent \$15,449,500.17 for actions to increase or improve services for high needs students in 2019-20.

Due to school closures during the Spring of 2020, the LEA was not able to fully expend the total budgeted expenditures for the 2019-2020 school year. Many of the supports, services, professional development, and programs specific to supporting high needs students were forced to operate at a reduced capacity due to social distancing guidelines, therefore, reducing the use of funds for the planned actions and services.



California school enrollment projected to decline

California Public K-12 Enrollment from 2010-11 to 2028-29



Source: MFRA



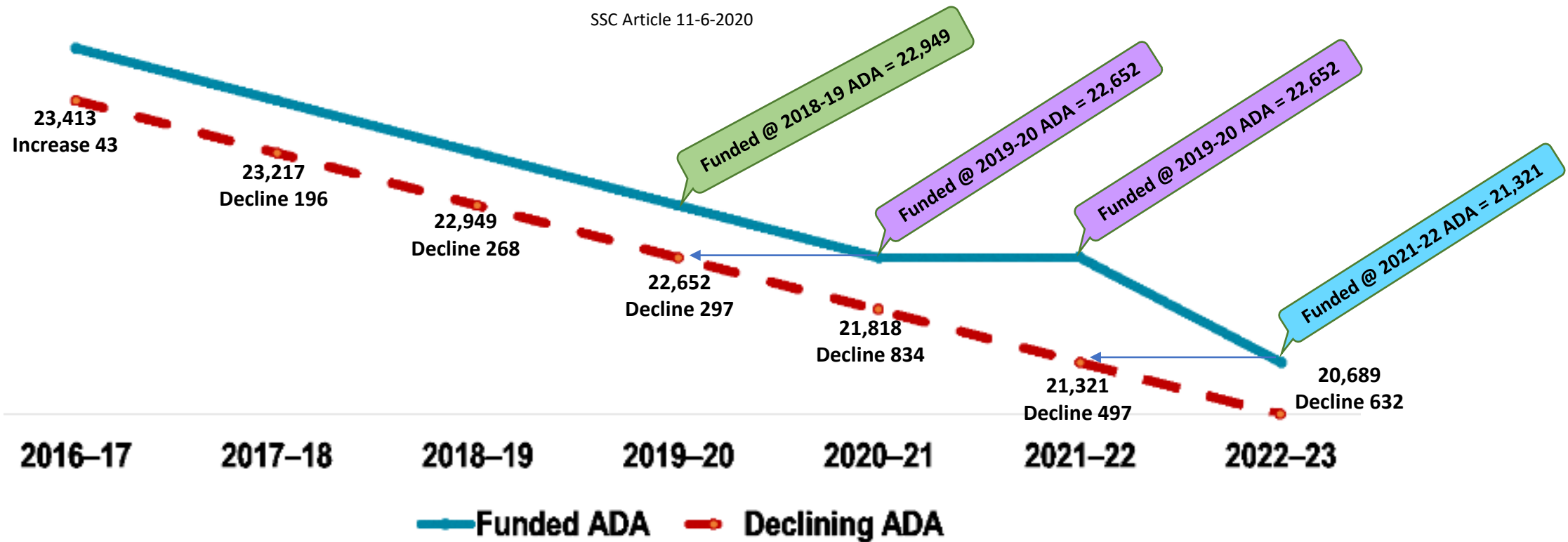
2020-21 First Interim Report

Unpredictable Time Ahead – Tustin Risks and Challenges



MYP Declining Enrollment and ADA*

SSC Article 11-6-2020



Tustin Data:

| | | | | | | | |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Enrollment | 24,128 | 24,015 | 23,767 | 23,409 | 22,651 | 22,140 | 21,484 |
| ADA * | 23,413 | 23,217 | 22,949 | 22,652 | 21,818 | 21,321 | 20,689 |
| Unduplicated Pupil % | 44.79% | 44.86% | 44.35% | 44.53% | 43.66% | 43.60% | 42.89% |

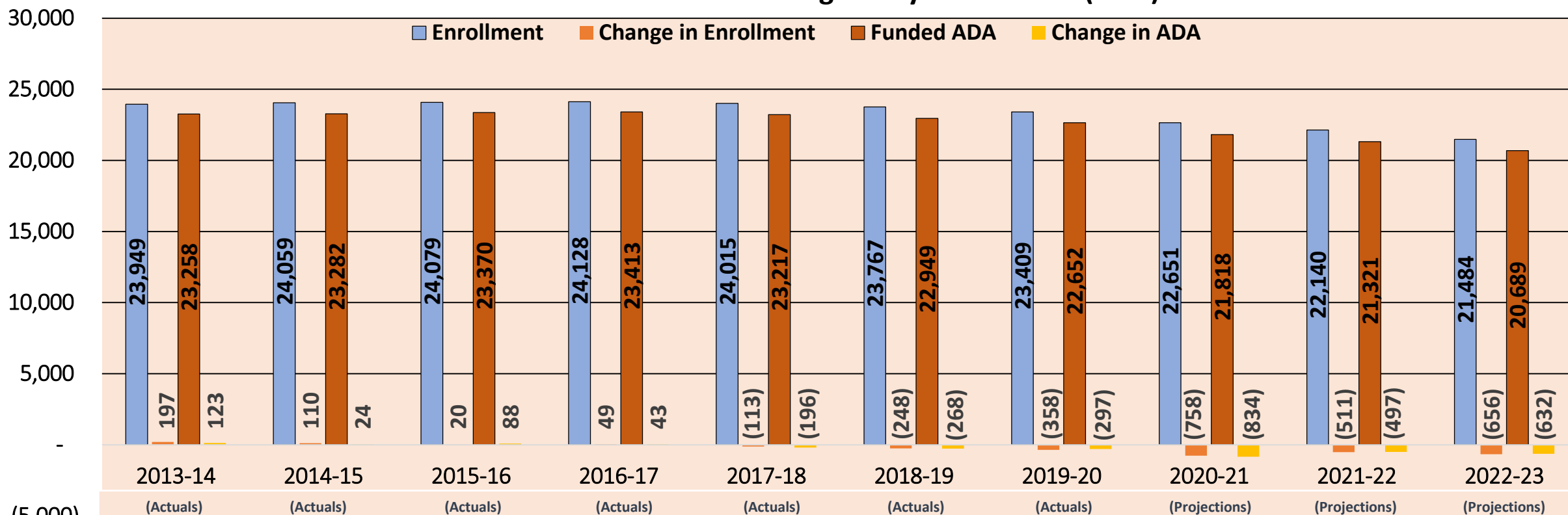
*ADA = Average Daily Attendance



2020-21 First Interim Report

Unpredictable Time Ahead – Tustin Risks and Challenges

Tustin Enrollment and Average Daily Attendance (ADA)



(5,000)

| Grade Levels | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---------------------|------------|---------|---------|---------|---------|---------|---------|
| Elementary Schools | Enrollment | 12,069 | 11,830 | 11,661 | 10,919 | 10,766 | 10,469 |
| | ADA | 11,652 | 11,386 | 11,225 | 10,520 | 10,367 | 10,081 |
| Middle High Schools | Enrollment | 3,935 | 3,817 | 3,759 | 3,671 | 3,445 | 3,281 |
| | ADA | 3,812 | 3,698 | 3,654 | 3,535 | 3,318 | 3,160 |
| High Schools | Enrollment | 8,011 | 8,120 | 7,989 | 8,061 | 7,929 | 7,734 |
| | ADA | 7,753 | 7,865 | 7,773 | 7,763 | 7,636 | 7,448 |



2020-21 First Interim Report

Long-Term Planning and Considerations

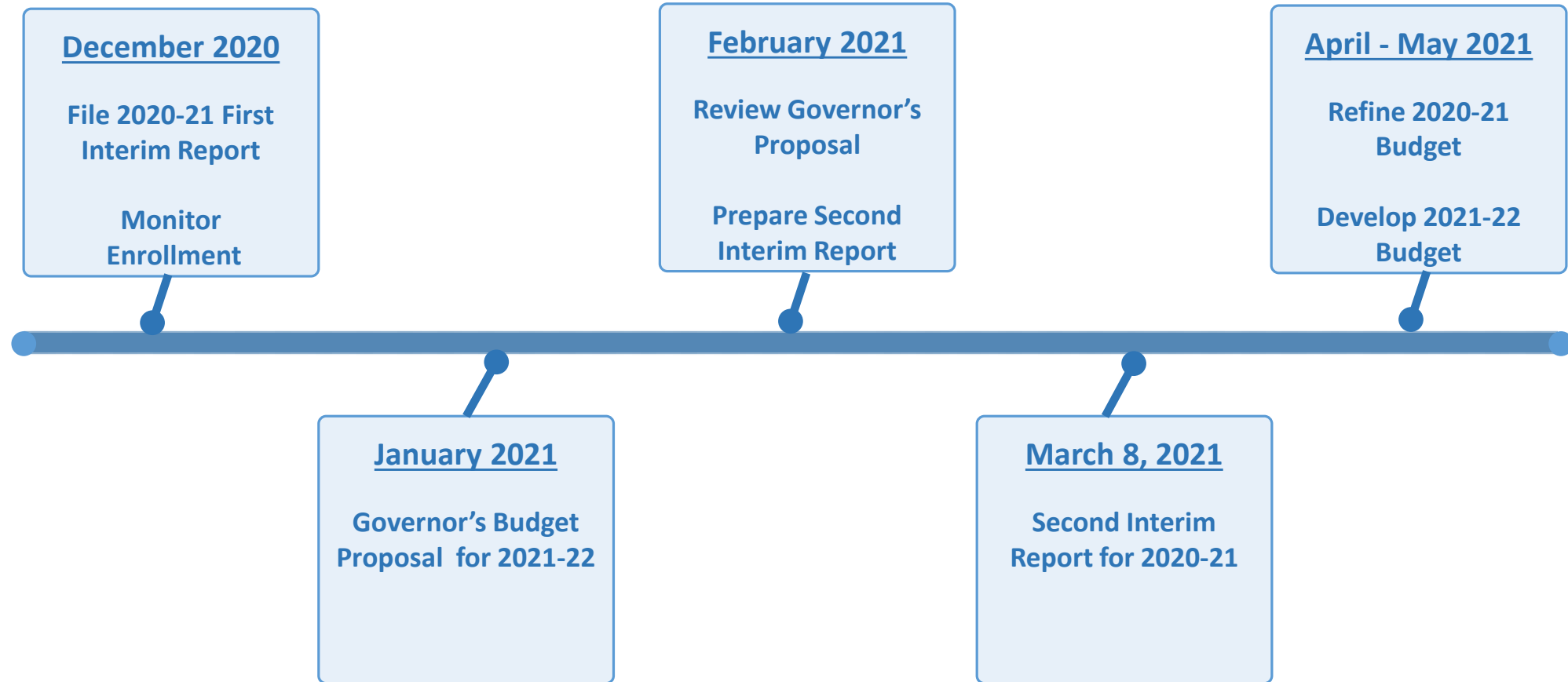


2020-21 and Future

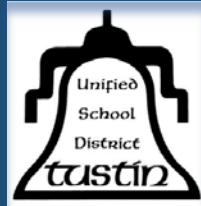
- Recession –Economy Recovery
- State Deficit
- COVID-19 Unknown Impact (Health and Cost)
- No COLA
- November Election
- On-going Cost Increases (Salaries, Pension, Utility, Water, Health & Welfare, Legal and Other Expenses)
- Uncertainty of Federal Additional One-Time Fund Support
- Managing One-Time Funds
- Structural Deficit – Maintaining Fiscal Solvency (General Fund and Cafeteria Fund)
- Declining Enrollment/ADA
- Learning Continuity and Attendance Plan (LCP) Requirements (Previously LCAP)
- Cash Flow – Increase Payment Deferrals
- Special Education Cost and Requirements
- Other State and Local Expectations

2020-21 First Interim Report

Budget Timeline



2020-21 First Interim Report Certification



In certifying the 2020-21 First Interim Report as positive, the Board understands its fiduciary responsibility to maintain the fiscal solvency for the current and subsequent two fiscal years. The District will implement the necessary budget adjustments to maintain a positive certification.

