Tustin Unified School District

2017-18 BUDGET

June 26, 2017 Adoption

AGENDA

1. State Budget Update
2. Budget Planning Factors
3. 2017-18 Projected Revenues
4. 2017-18 Projected Expenditures
5. 2017-18 Cash Flow

AGENDA (Continue)

6. Education Challenges Ahead
7. Multi-Year Projections
8. TUSD Outlook Estimates
9. Unpredictable Future
10. Budget Calendar
11. Certification

STATE BUDGET

2017-18 Major Highlights of May Revision Since January Proposal

1

Proposition 98

Additional $1.1 billion funding for 2017-18

2

LCFF Increase

LCFF funding increase by $661 million

3

Revenue Deferral

Eliminate

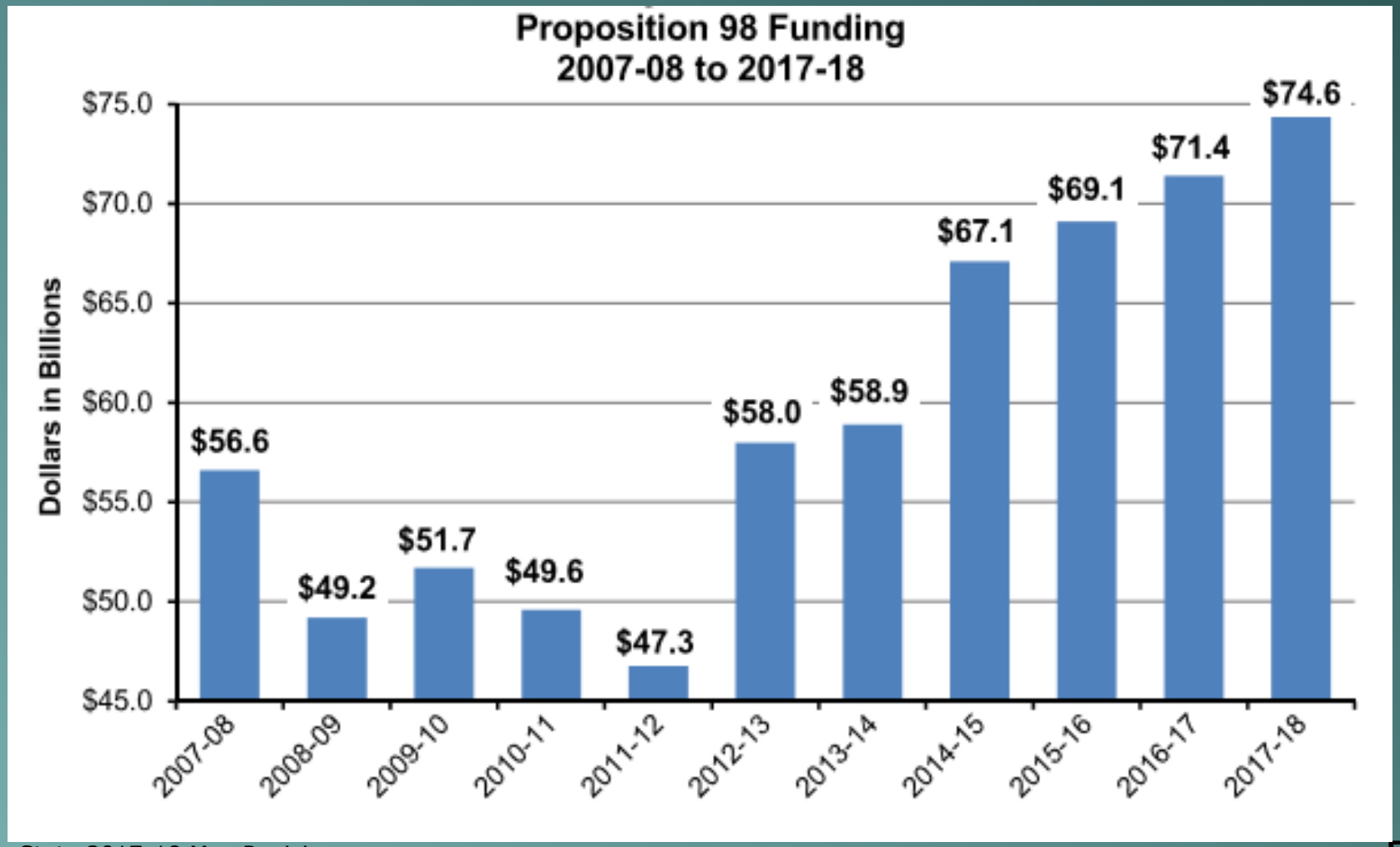
4

One-Time Funding

Increase from $48 to $170 to be funded May 2019

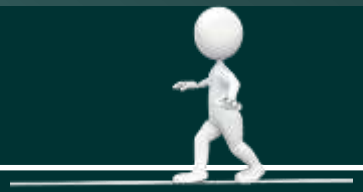
STATE BUDGET

Proposition 98



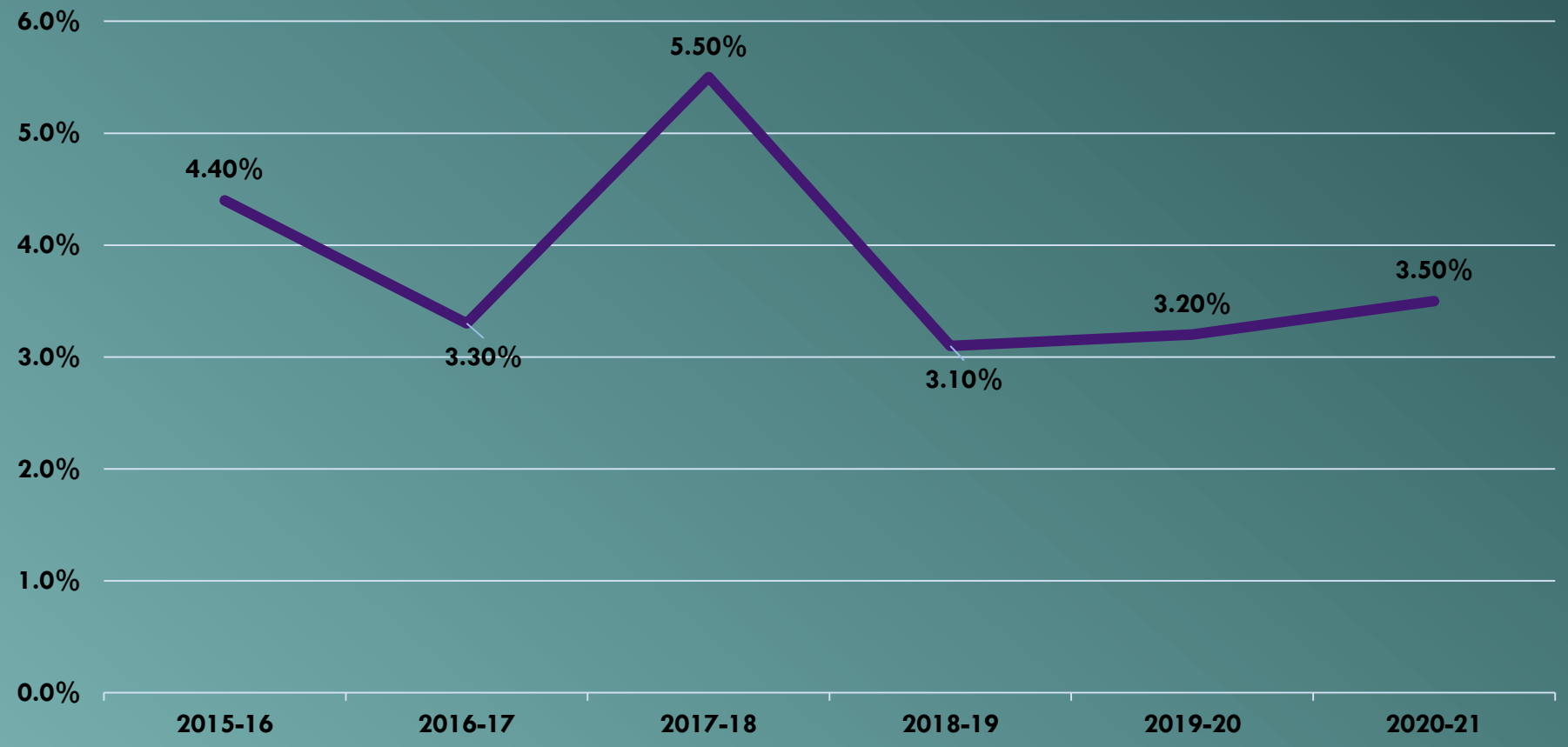
Source: State 2017-18 May Revision

STATE BUDGET



California Big Three Taxes

Personal Income, Sales, and Corporation Tax Revenue (Percent Change)



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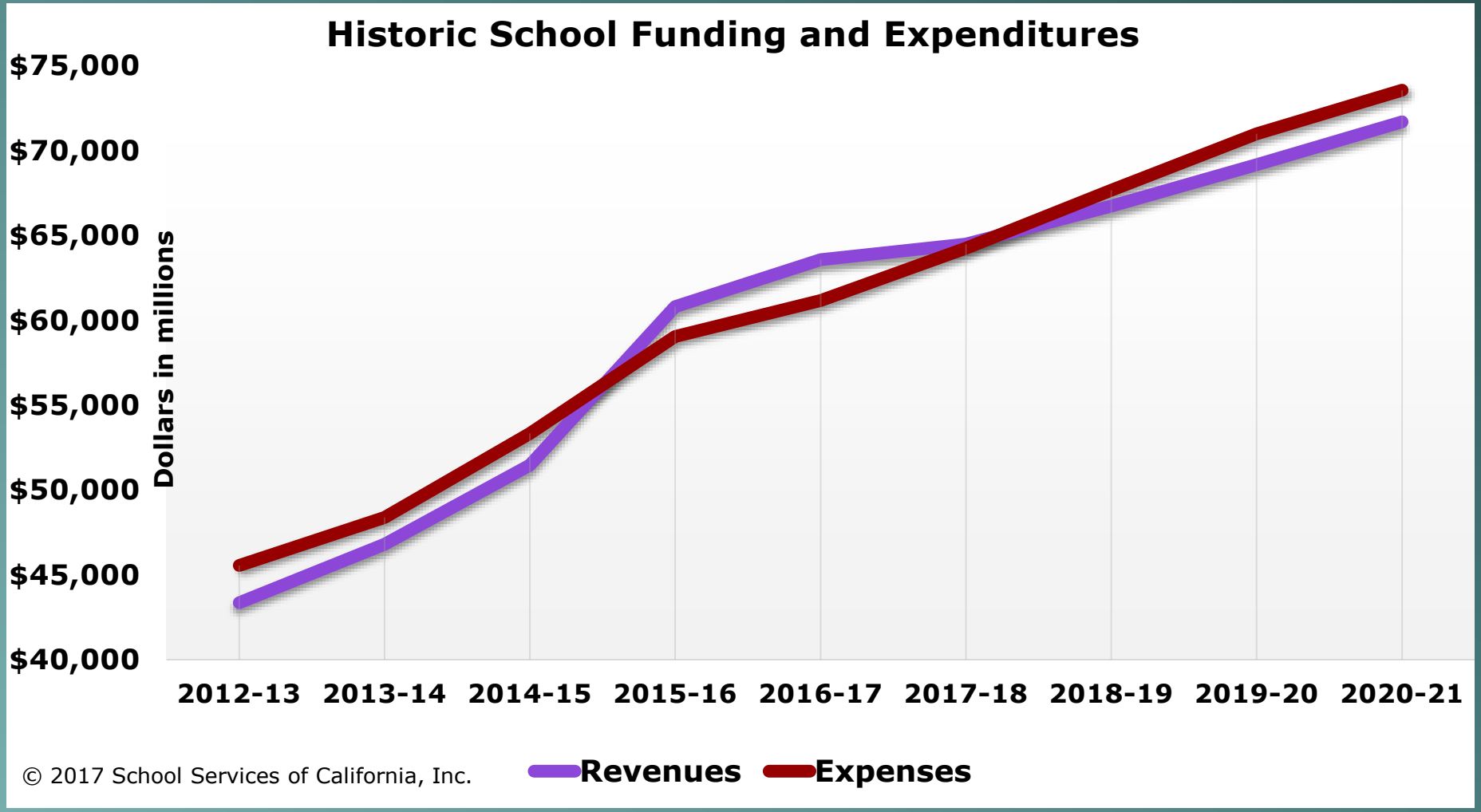
STATE BUDGET

State Revenues vs. Expenditures



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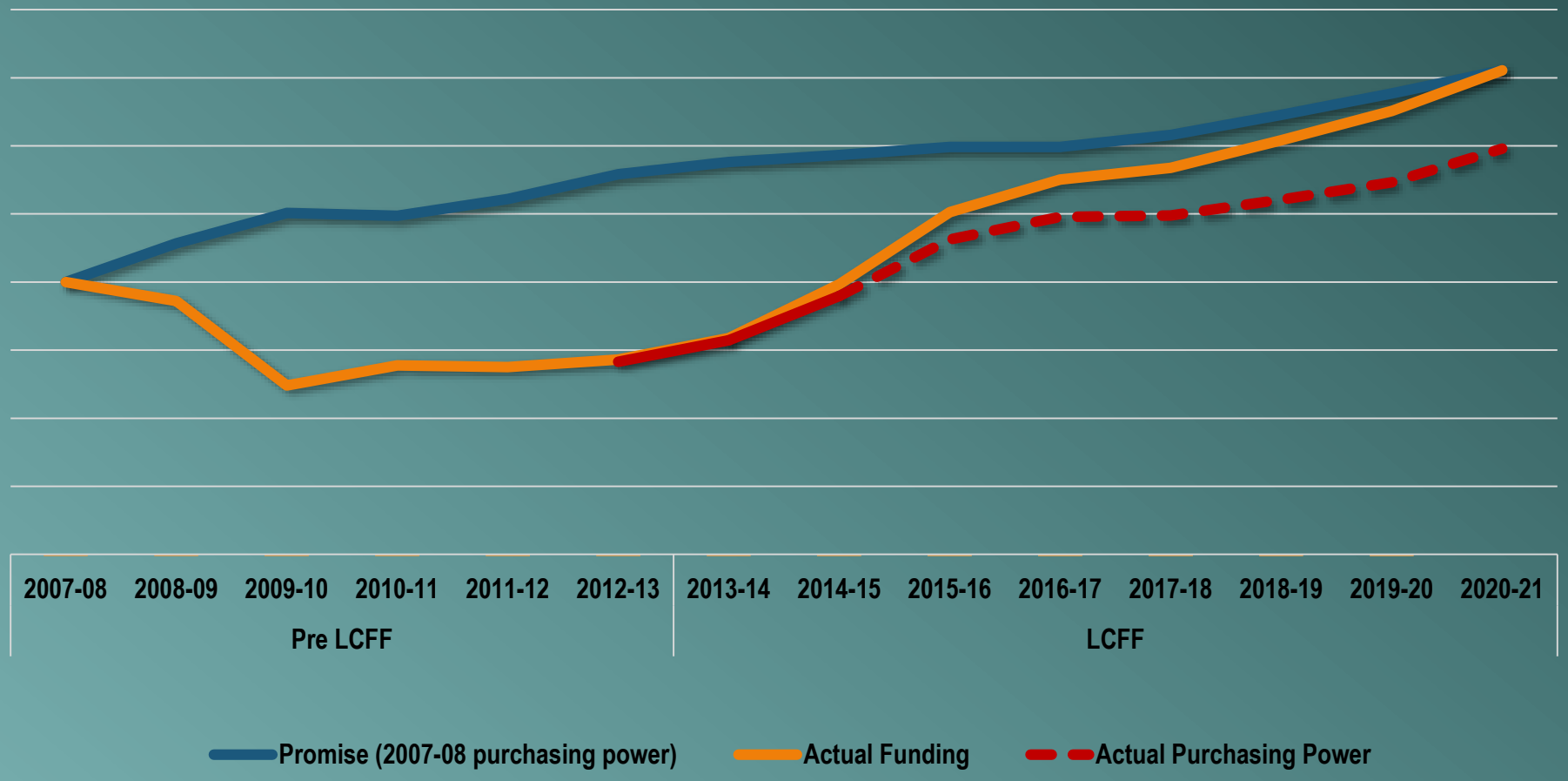
STATE BUDGET

Restoration of Purchasing Power?

Purchasing Power Under the LCFF



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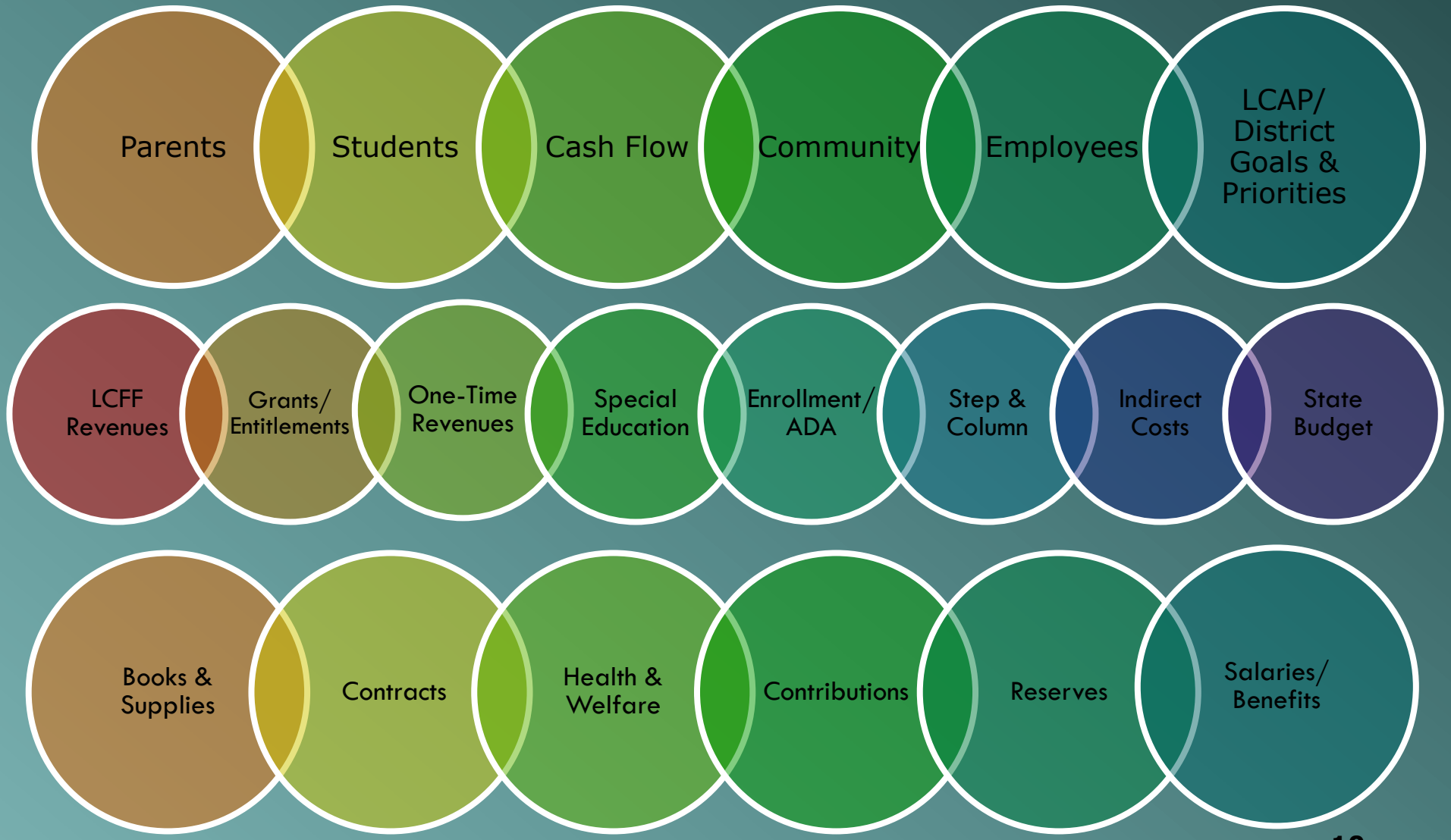
STATE BUDGET

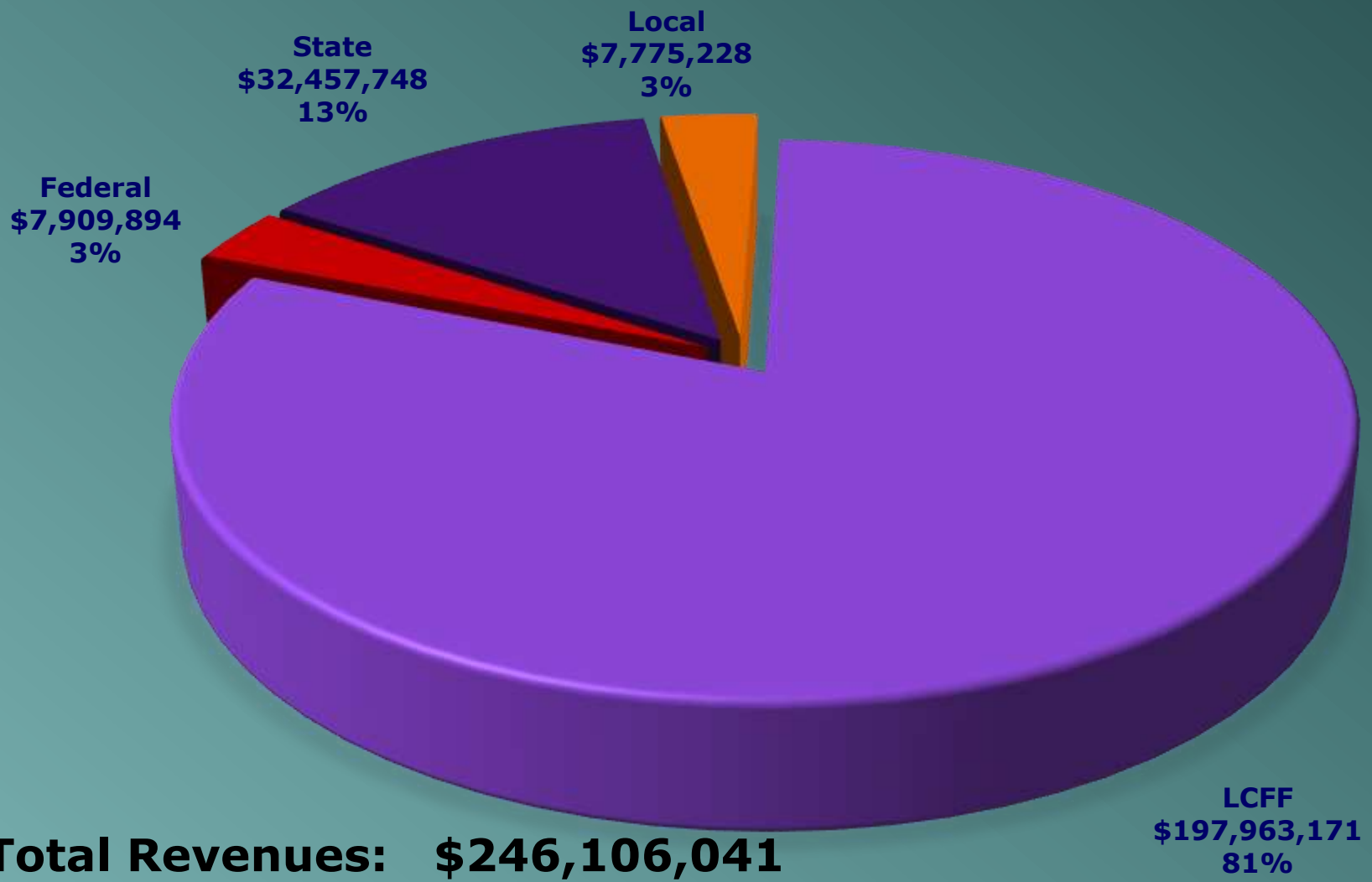
Economic Slowdown

1. Housing Prices
2. Federal Tax Cut
3. Repeal and Replacement of Affordable Care Act (ACA)
4. Decrease in Unemployment Rate
5. President Trump New Proposals
6. Global Economy – International Trade

BUDGET PLANNING FACTORS



2017-18 PROJECTED REVENUES

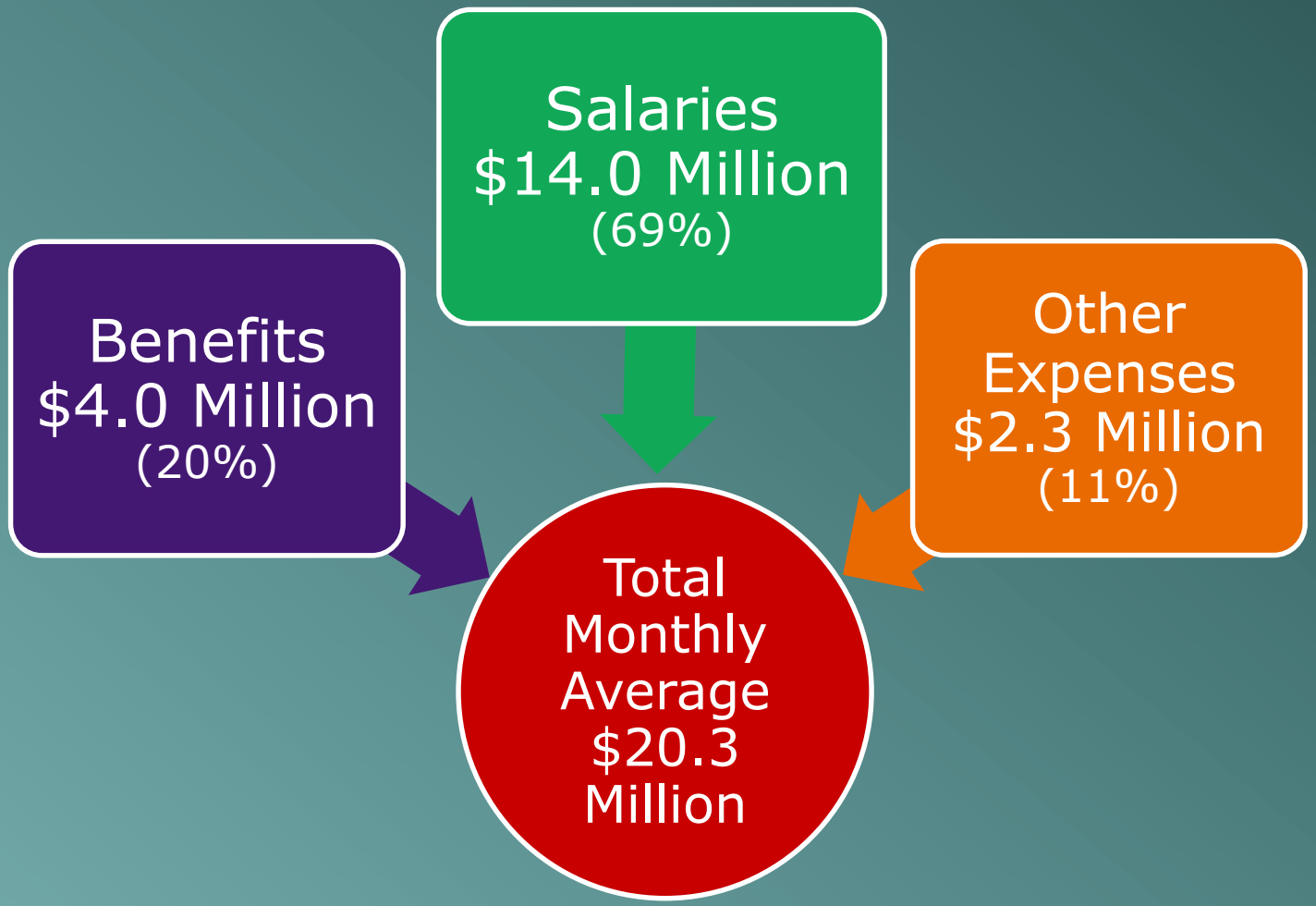


Total Revenues: $246,106,041

2017-18 PROJECTED EXPENDITURES

Salaries & Benefits:	$212,760,632	83.3%
Books & Supplies:	$ 12,821,758	5.0%
Services & Other Operating:	$ 23,158,724	9.0%
Capital Outlay:	$ 456,500	.2%
Other Outgo & Transfers:	$ 6,364,465	2.5%
Total Expenditures:	**$255,562,079**	

2017-18 MONTHLY CASH FLOW



EDUCATION CHALLENGES AHEAD

1 LCFF Gap Rates

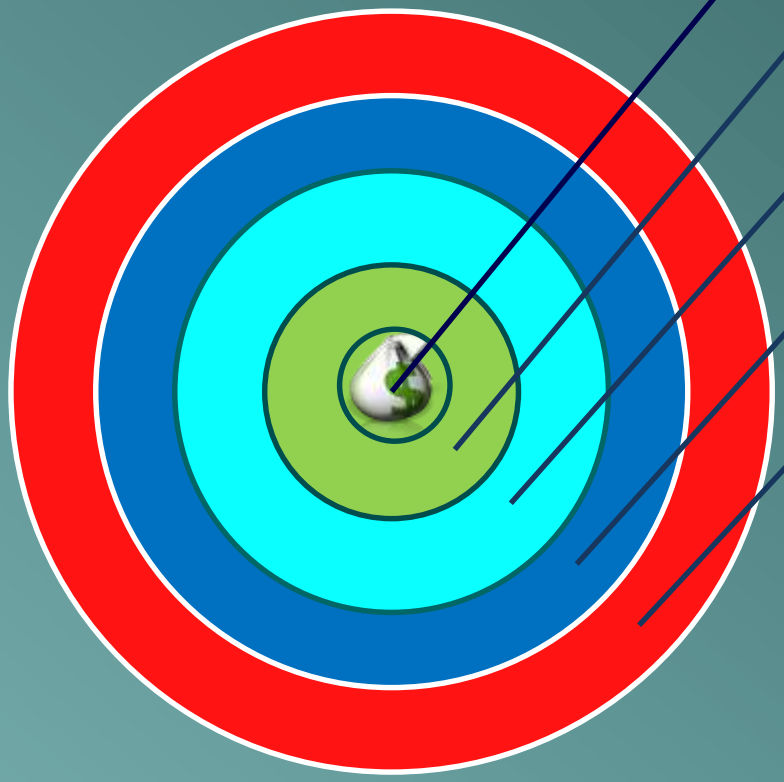
	2016-17	2017-18	2018-19	2019-20
May Revision	55.03%	43.97%	39.03%	41.51%
Second Interim	55.28%	23.67%	34.42%	35.88%

2 Cost-of-Living Adjustments (COLA)

	2016-17	2017-18	2018-19	2019-20
May Revision	0%	1.56%	2.15%	2.35%
Second Interim	0%	1.48%	2.40%	2.53%

EDUCATION CHALLENGES AHEAD

LCFF Funding Target

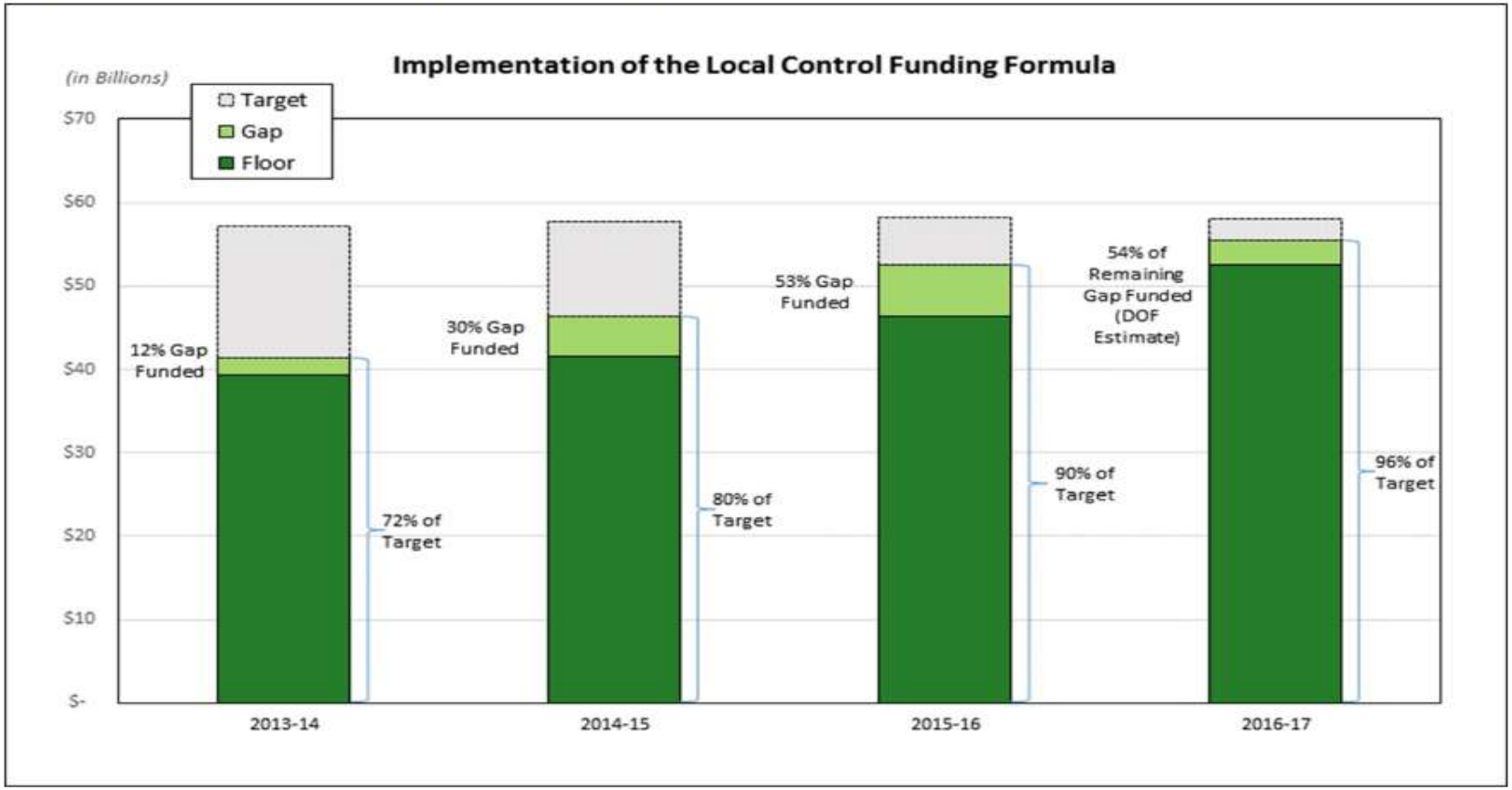


2020-21	100%
2019-20	99%
2018-19	98%
2017-18	97%
2016-17	95.7%

EDUCATION CHALLENGES AHEAD

LCFF Funding Gap and Target Summary

Figure 2: Statewide Percentage of LCFF Targets Funded by Year



Source: California Department of Education

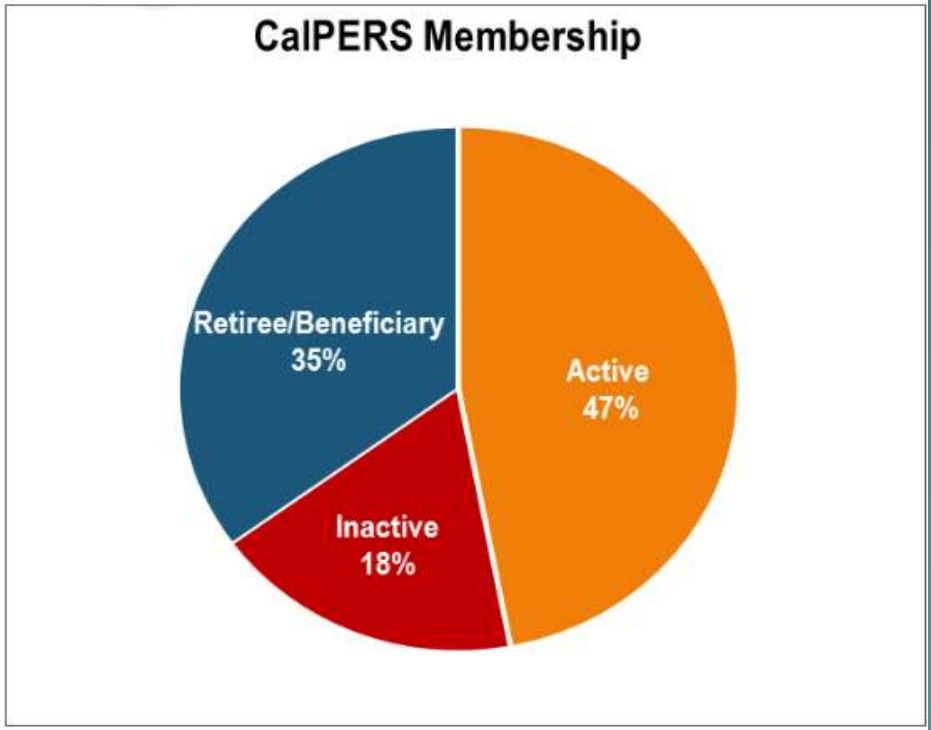
EDUCATION CHALLENGES AHEAD

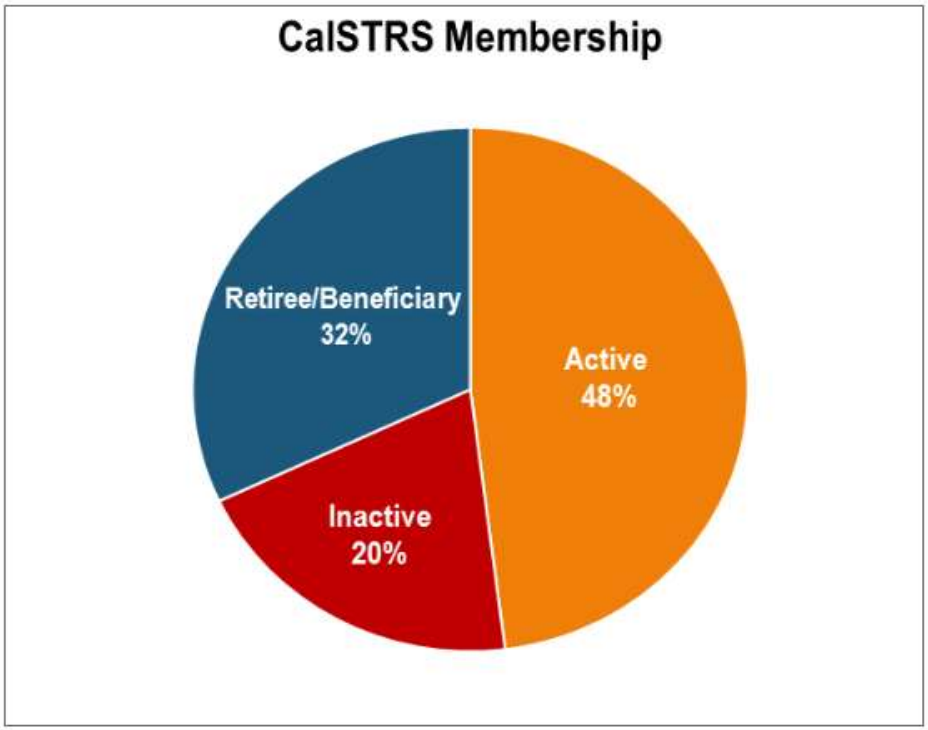
Pension Rate Increases

Fiscal Year	PERS	PERS Increases	STRS	STRS Increases
2020-21	23.80%	3.00%	19.10%	0.97%
2019-20	20.80%	2.70%	18.13%	1.85%
2018-19	18.10%	2.57%	16.28%	1.85%
2017-18	15.53%	1.64%	14.43%	1.85%
2016-17	13.89%	2.04%	12.58%	1.85%
2015-16	11.85%	0.08%	10.73%	1.85%
2014-15	11.77%	0.33%	8.88%	0.63%
2013-14	11.44%	0.03%	8.25%	0.00%

EDUCATION CHALLENGES AHEAD

CalPERS and CalSTRS Memberships





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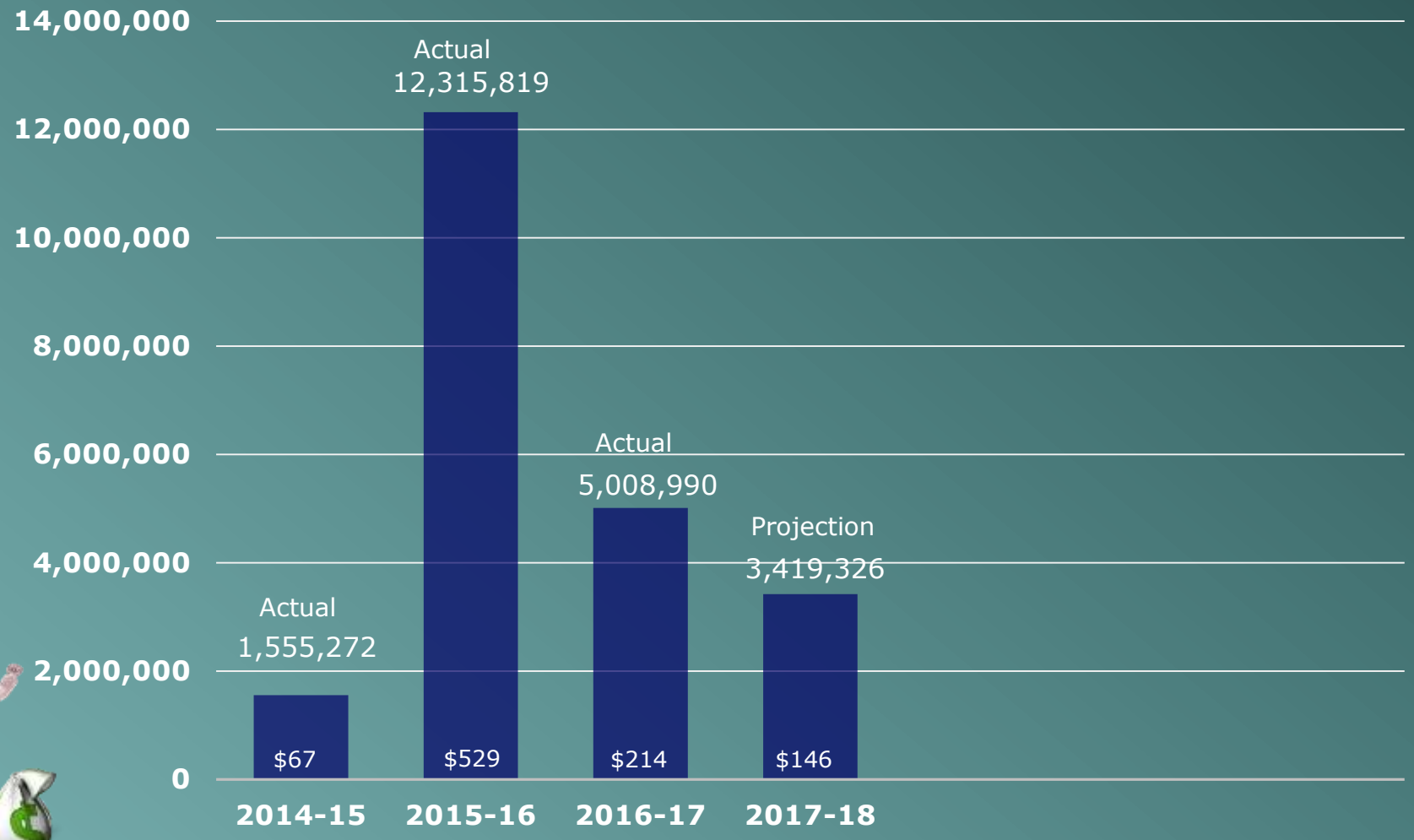
EDUCATION CHALLENGES AHEAD

Proposition 30 & Proposition 55 Revenue Sources vs Distributions

Prop. 30 Revenue Sources	Prop. 30 Revenue Distributions	Prop. 55 Revenue Sources	Prop. 55 Revenue Distributions
High Income Earners	89% K-12 Schools	High Income Earners	K-12 Schools and Community Colleges
Sales Tax .25%	11% Community Colleges		Health Care - Medi-Cal
			Other State Purposes

EDUCATION CHALLENGES AHEAD

One-Time Discretionary Funds



MULTI-YEAR PROJECTIONS

	2017-18	2018-19	2019-20
Revenues	$246,106,041	$ 247,600,996	$ 252,388,184
Expenditures	$252,062,079	$ 258,269,639	$ 262,551,154
Transfers Out	$ 3,500,000	$ 3,500,000	$ 3,100,000
Net Change	($ 9,456,038)	($ 14,168,643)	($ 13,262,970)
Beginning Balance	$ 77,991,614	$ 68,535,576	$ 54,366,934
Ending Balance	$ 68,535,576	$ 54,366,934	$ 41,103,963
3% Economic Uncertainty	$ 7,666,863	$ 7,853,089	$ 7,969,535

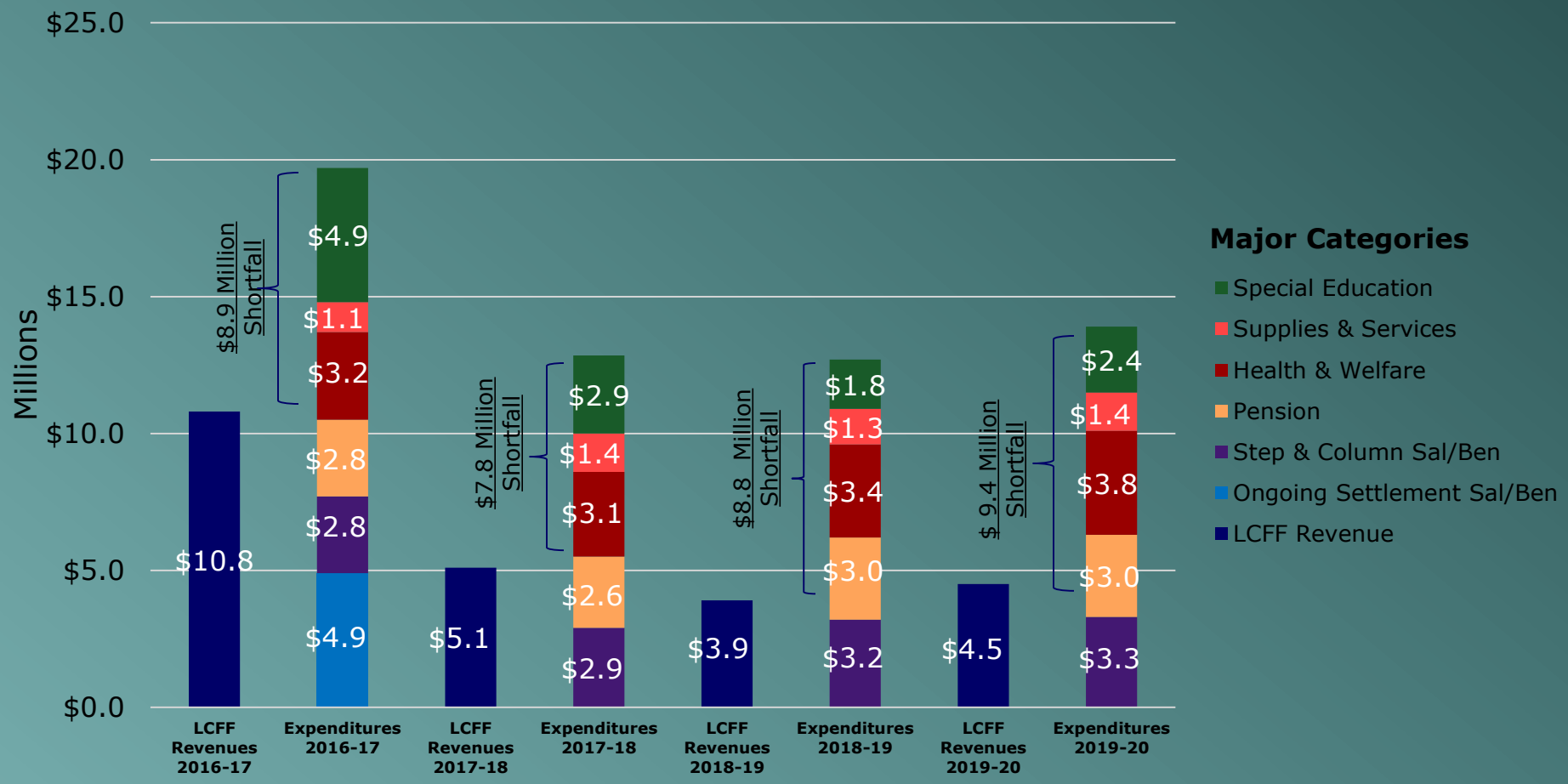
MULTI-YEAR PROJECTIONS

Components of Ending Fund Balance

	2017-18	2018-19	2019-20
Nonspendable:			
• Revolving Cash	$ 150,000	$ 150,000	$ 150,000
• Stores	$ 381,367	$ 381,367	$ 381,367
Restricted	$ 14,256,860	$ 9,178,334	$ 5,976,007
Committed:			
• Benefit Accounts	$ 140,000	$ 140,000	$ 140,000
• Vacation Liability	$ 1,472,759	$ 1,472,759	$ 1,472,759
• Local Protection Reserve	$ 14,361,362	$ 13,522,400	$ 7,388,322
• Facilities Maintenance Reserve	$ 4,600,262	$ 4,600,262	$ 4,600,262
• Technology Reserve	$ 4,421,468	$ 4,421,468	$ 4,421,468
• Classroom Furniture Reserve	$ 4,283,241	$ 0	$ 0
• Pension Liability	$ 2,609,696	$ 2,960,052	$ 3,048,613
• One-Time Discretionary	$11,077,068	$ 7,164,307	$ 3,032,734
• Textbook Adoption	$ 1,900,000	$ 1,900,000	$ 1,900,000
• ELL Carryover	$ 622,896	$ 622,896	$ 622,896
• School Carryover	$ 591,735	$ 0	$ 0
3% Reserve for Economic Uncertainty	$ 7,666,863	$ 7,853,089	$ 7,969,535

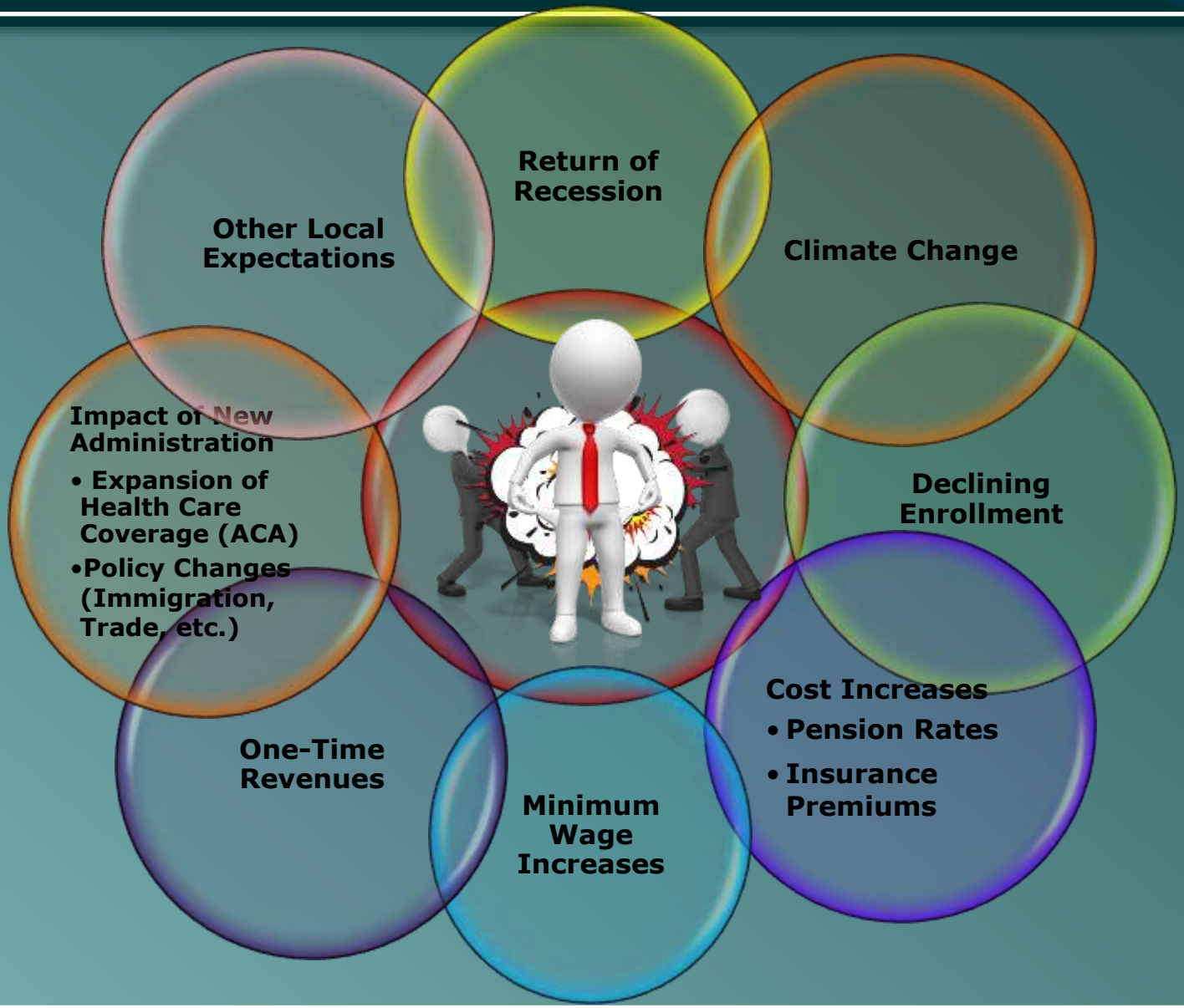
TUSD OUTLOOK ESTIMATES

Revenues vs Expenditures Increases



2016-17 2.5% One-Time Salary Benefit Settlement: $4 million

UNPREDICTABLE FUTURE



BUDGET CALENDAR

JULY
Close Fiscal Year 2016-17

DECEMBER
First Interim Report

OCTOBER
Monitor Enrollment

AUGUST
Update 2017-18 District Budget to Governor's Final Budget

CERTIFICATION

In certifying the 2017-18 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.