



TUSTIN UNIFIED SCHOOL DISTRICT

2018-19 BUDGET

June 25, 2018 Adoption

A scenic landscape featuring rolling green hills under a bright blue sky. A strong sunburst effect emanates from the left side, casting golden rays across the hills and sky. The text is centered in the upper half of the image.

BRIGHT FUTURE WITH RISKY HILLS AND SLOPES

AGENDA

**Education
Budget Updates**

**State Budget
Updates**

**Hills and Slopes
Variables
Ahead**

**Budget
Planning
Components**

**2018-19
Projected
Revenues**

**2018-19
Projected
Expenditures**

**2018-19
Monthly Cash
Flow**

**Multi-Year
Projections**

**TUSD Balancing
Challenges**

**Timeline to
Budget
Enactment**

**Board
Certification**



EDUCATION BUDGET UPDATES

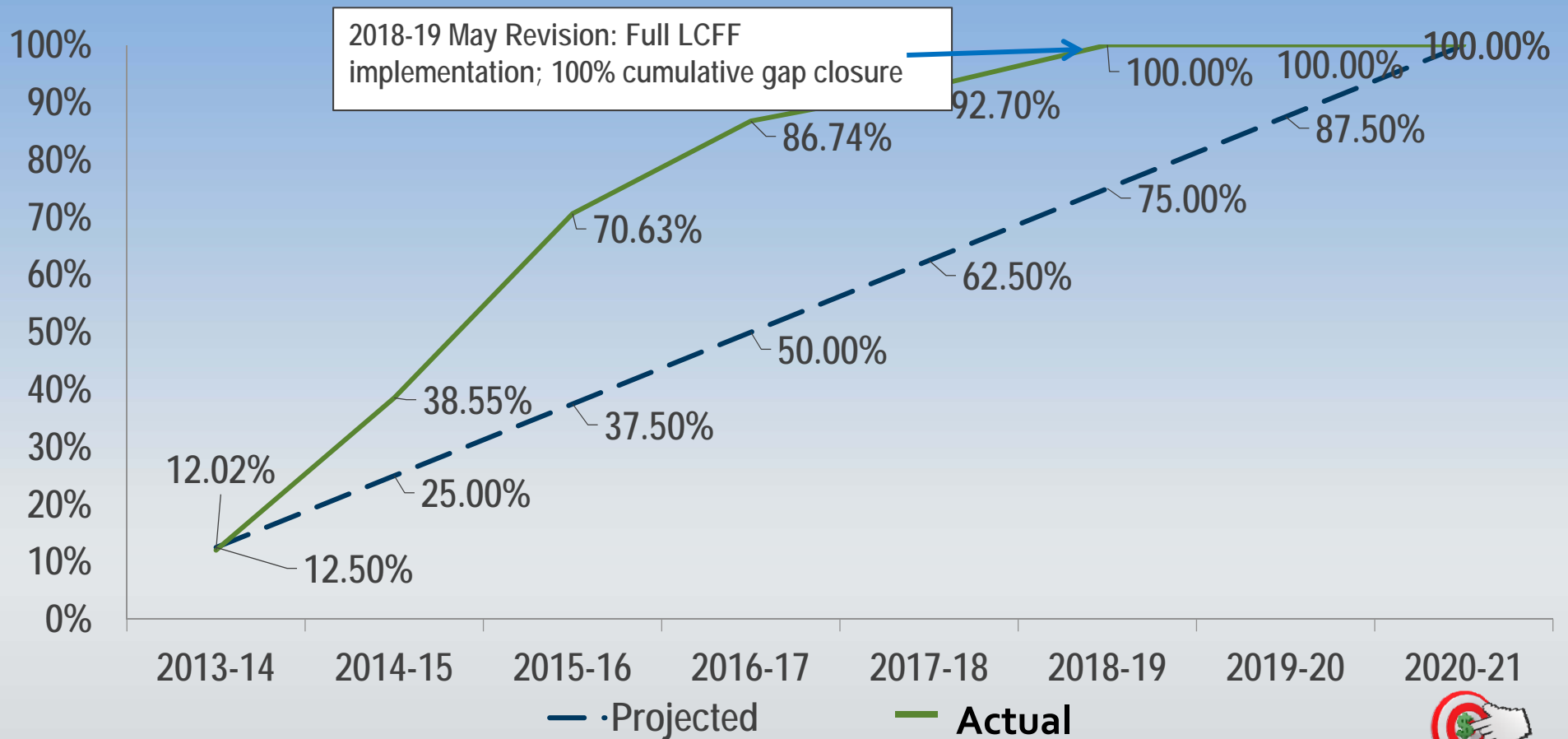
JANUARY vs. MAY BUDGET PROPOSALS

Proposition 98 2017-18 -> \$75.2 billion 2018-19 -> \$78.3 billion	→	Proposition 98 2017-18 -> \$75.6 billion 2018-19 -> \$78.4 billion
LCFF Gap Funding 100% or \$2.9 billion	→	LCFF Gap Funding 100% or \$3.2 billion
COLA 2018-19 -> 2.51%	→	COLA 2018-19 -> 2.71% -> 3.0%
One-Time Discretionary 2018-19 -> \$1.8 billion (\$295/ADA)	→	One-Time Discretionary 2018-19 -> \$2.02 billion (\$344/ADA)



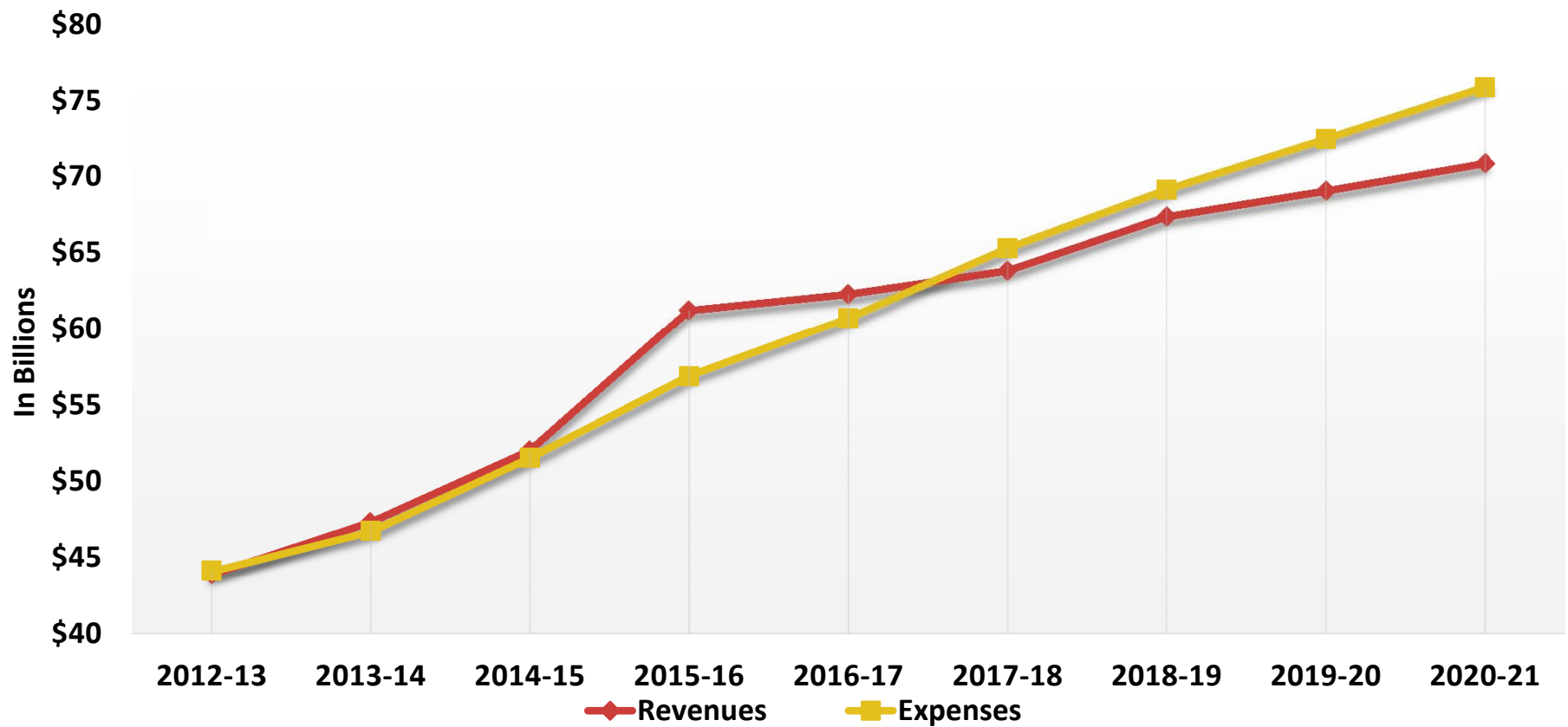
EDUCATION BUDGET UPDATES

LCFF IMPLEMENTATION STATUS



EDUCATION BUDGET UPDATES

CALIFORNIA HISTORIC SCHOOL FUNDING AND EXPENDITURES

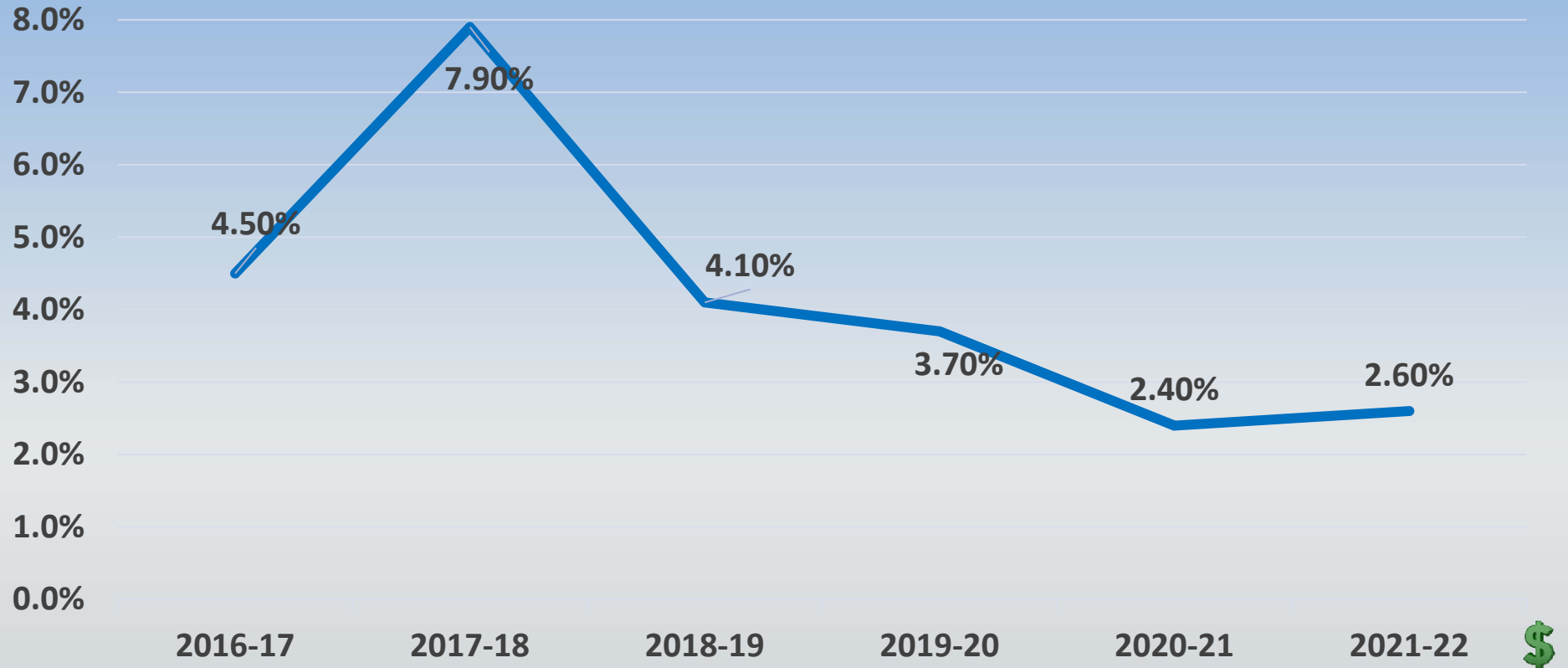


SSC 2018 May Revision

STATE BUDGET UPDATES

CALIFORNIA -BIG THREE TAXES

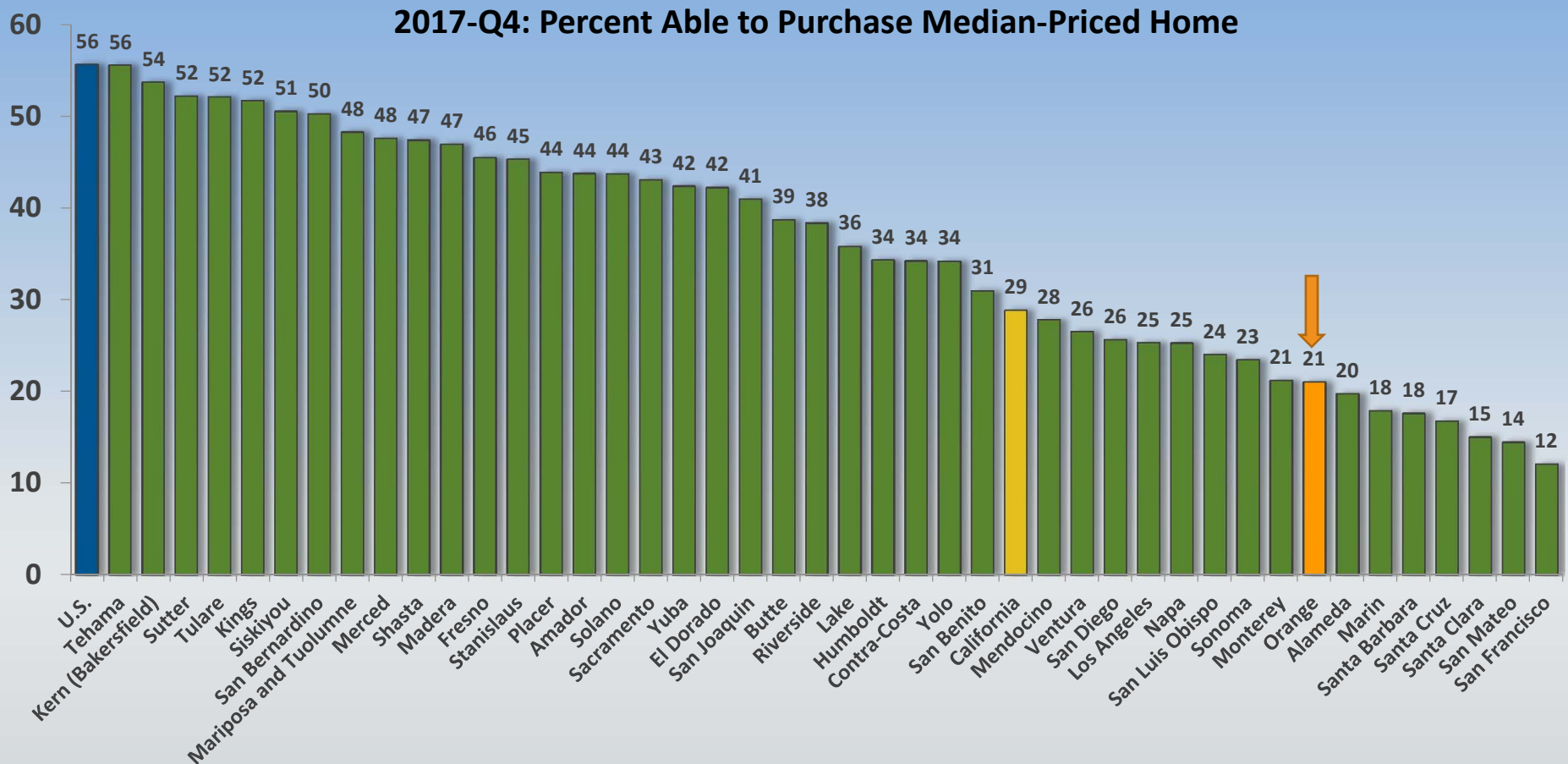
Personal Income, Sales, and Corporation Tax Revenue
(Percent Change)



SSC 2018 May Revision

STATE BUDGET UPDATES

HOUSING AFFORDABILITY BY COUNTY



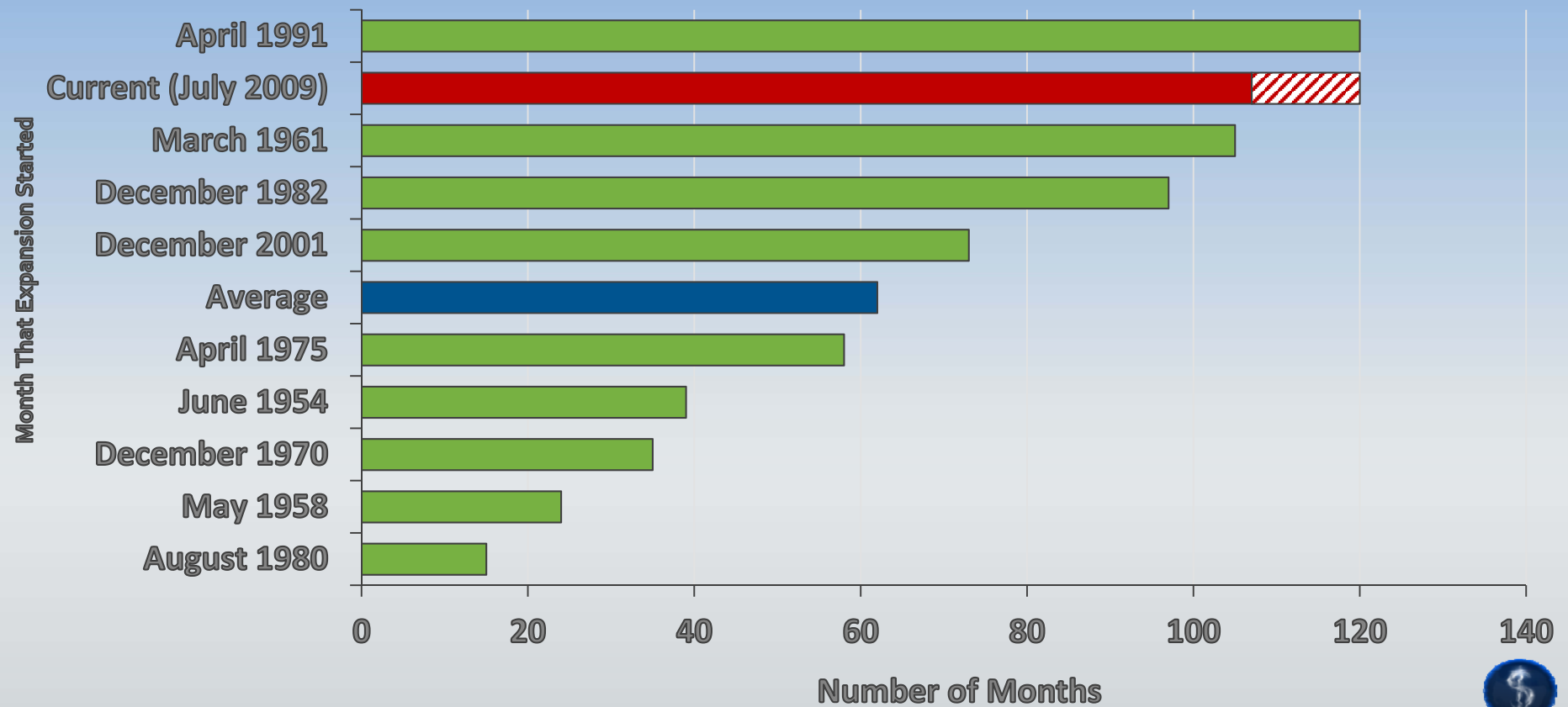
Series: Housing Affordability Index of Traditional Buyers
Source: California Association of Realtors®

SSC 2018 May Revision

STATE BUDGET UPDATES

LONGEST ECONOMIC RECOVERY

Current Recovery Is Approaching
The Longest Ever



HILLS AND SLOPES VARIABLES AHEAD

Internal (Tustin USD)

- Step & Column
- Pension-PERS & STRS
- Benefits-H&W
- Other Expenses
 - Supplies
 - Contracts
 - Utility
 - Water
- Enrollment
- Special Education

External (New Faces in Politics)

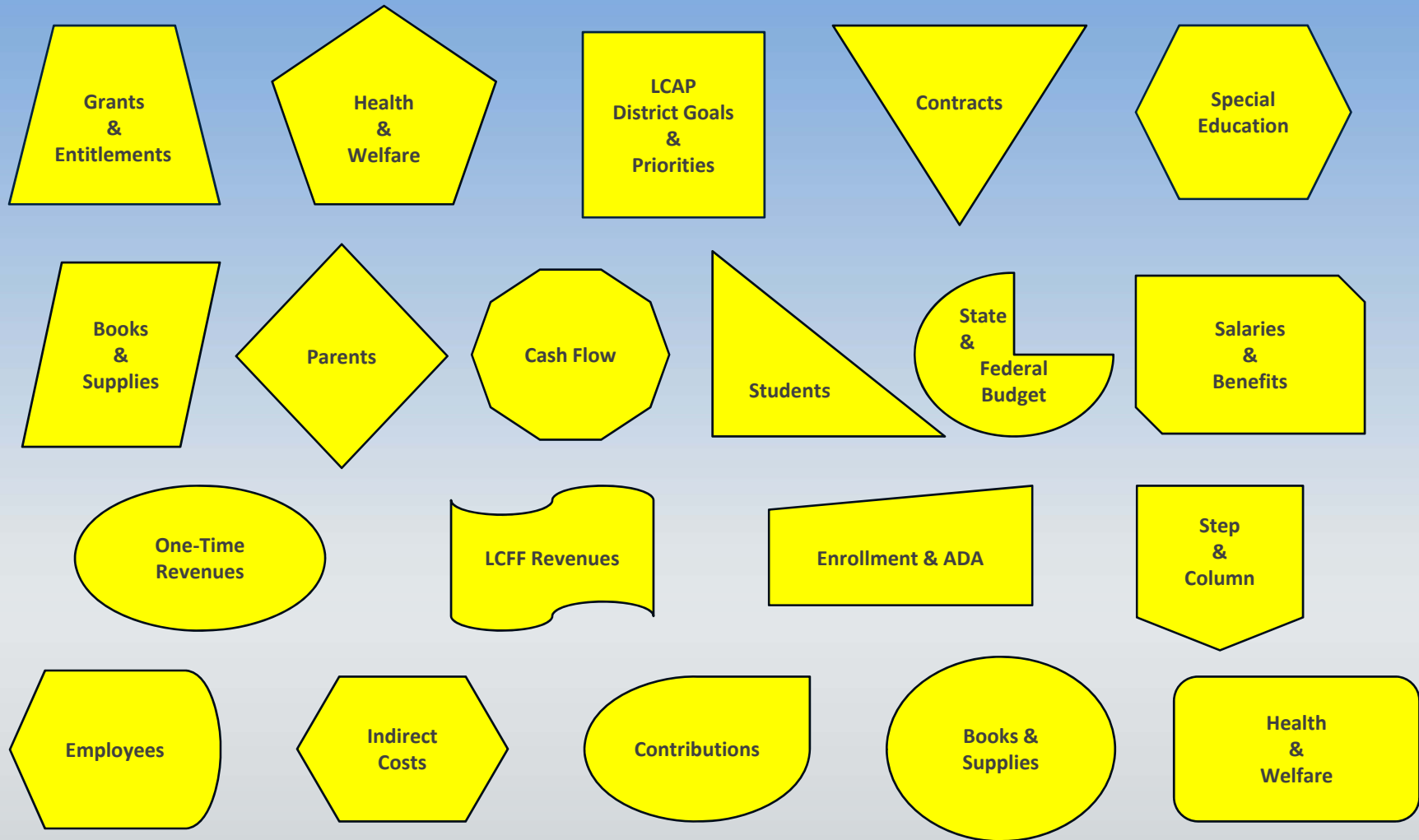
- State - California
 - New Governor
 - New State Public Instruction
 - New Lieutenant Governor
 - New additions to State Senate & Assembly
- Federal
 - Washington Administration
 - New President

External (Environment)

- Climate Change
- Homeless
- Security
- Capital Gain
- Proposition 30 and 55
- Proposition 13 —Nov Ballot

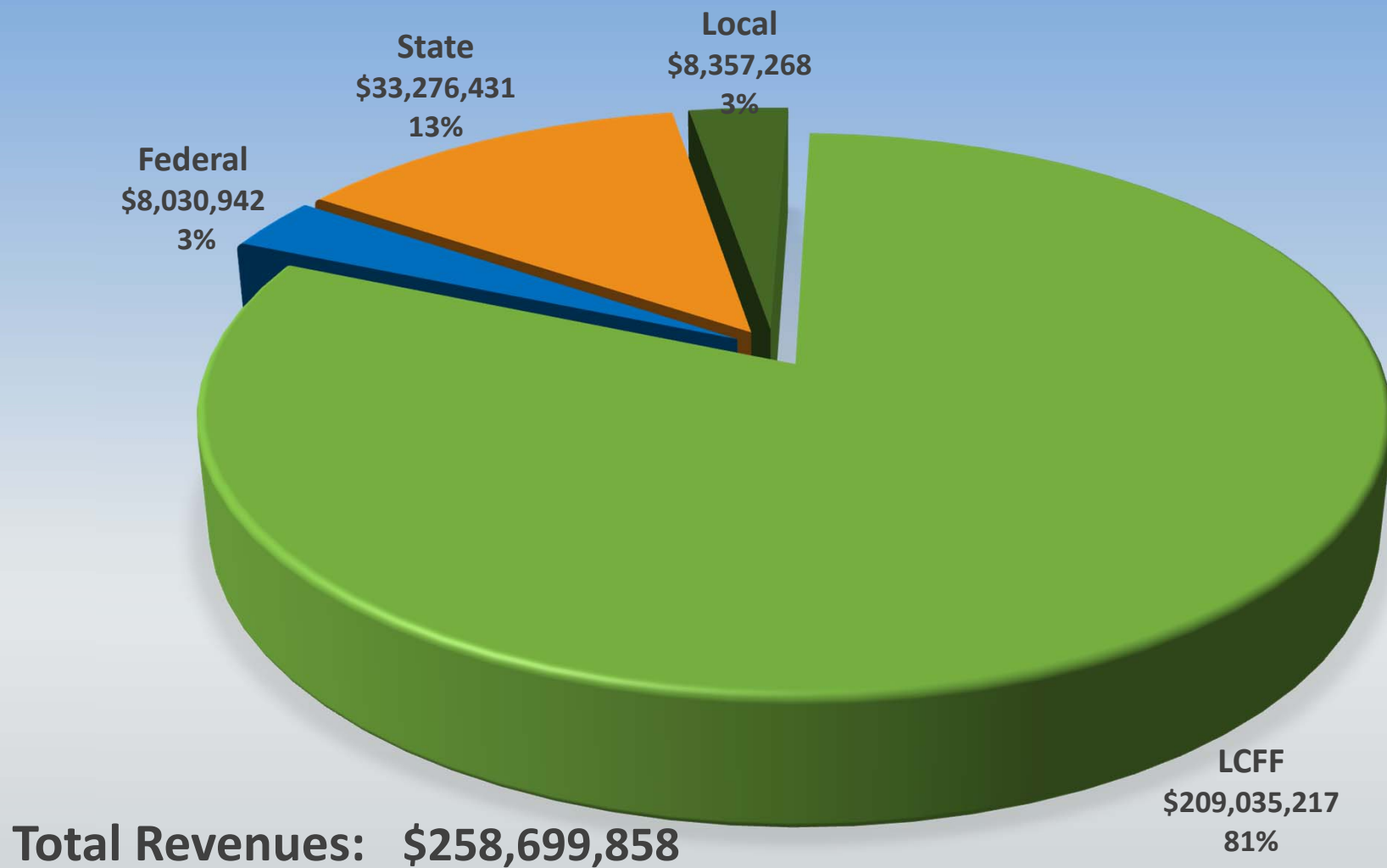


BUDGET PLANNING COMPONENTS



TUSTIN UNIFIED SCHOOL DISTRICT

2018-19 PROJECTED REVENUES



TUSTIN UNIFIED SCHOOL DISTRICT

2018-19 EXPENDITURE PROJECTIONS

Salaries and Benefits
\$223,086,169
84.0%

Books and Supplies
\$10,080,502
4.0%

**Services and Other
Operating**
\$24,697,927
9.3%

Capital Outlay
\$545,000
.2%

Other Outgo
\$3,293,646
1.2%

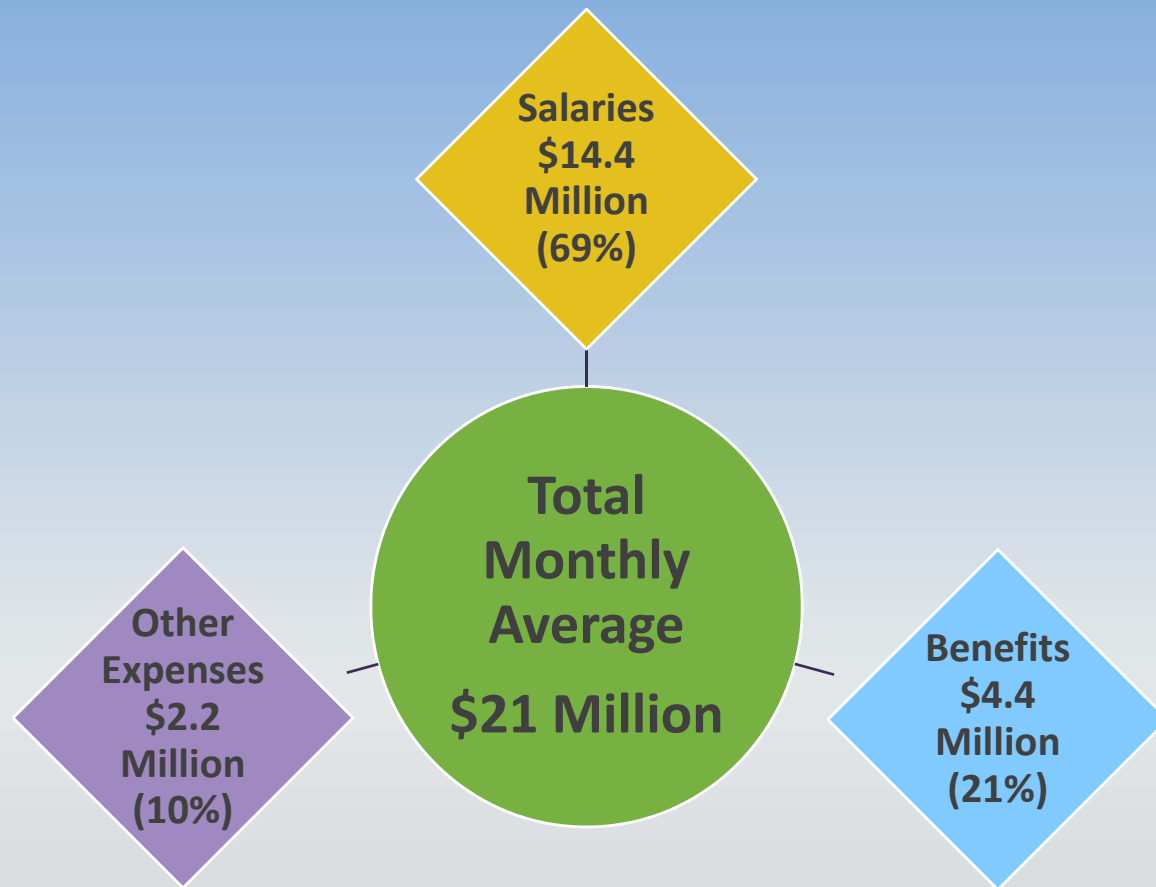
Transfers Out
\$3,500,000
1.3%

Total Expenditures
\$265,203,244



TUSTIN UNIFIED SCHOOL DISTRICT

2018-19 MONTHLY CASH FLOW



TUSTIN UNIFIED SCHOOL DISTRICT

MULTI-YEAR PROJECTIONS



	2017-18	2018-19	2019-20	2020-21
Revenues	\$255,964,771	\$258,699,858	\$263,041,076	\$268,391,151
Expenditures	\$255,306,701	\$261,703,244	\$272,554,594	\$284,077,522
Transfers Out	\$ 5,667,123	\$ 3,500,000	\$ 3,100,000	\$ 3,100,000
Net Change	(\$ 5,009,053)	(\$ 6,503,386)	(\$12,613,518)	(\$18,786,371)
Beginning Balance	\$ 82,783,646	\$ 77,774,593	\$ 71,271,207	\$ 58,657,689
Ending Balance	\$ 77,774,593	\$ 71,271,207	\$ 58,657,689	\$ 39,871,318
3% Economic Uncertainty	\$ 7,829,215	\$ 7,956,098	\$ 8,269,638	\$ 8,615,326

TUSTIN UNIFIED SCHOOL DISTRICT

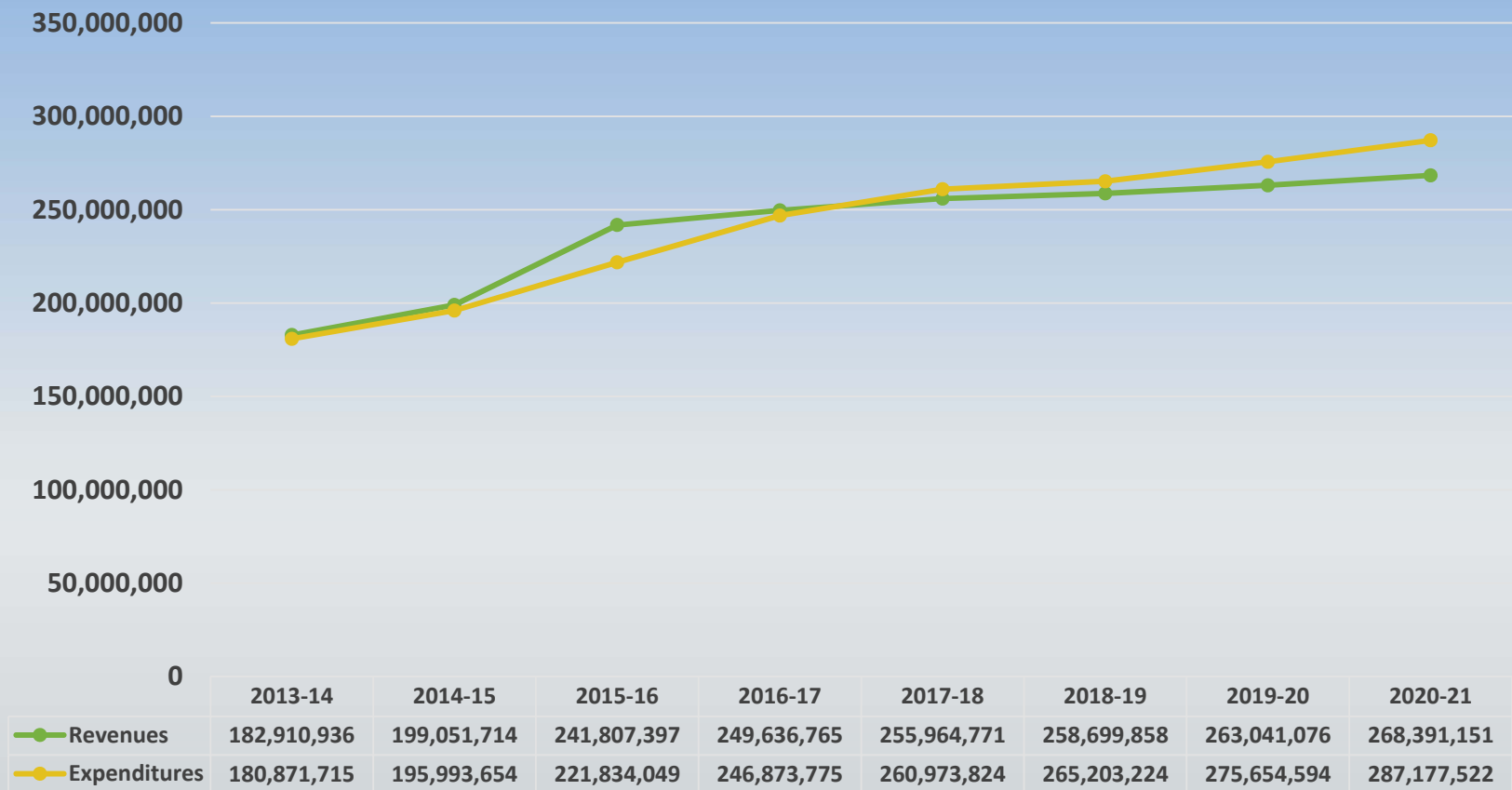
MULTI-YEAR PROJECTIONS Cont.



Components of Ending Fund Balance	2017-18	2018-19	2019-20	2020-21
Revolving Cash	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Stores	\$ 245,333	\$ 245,333	\$ 245,333	\$ 245,333
Restricted Fund Balance	\$ 15,056,916	\$ 15,276,293	\$ 12,108,206	\$ 7,971,162
Committed:				
Benefits Accounts	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
Vacation Liability	\$ 1,170,295	\$ 1,170,295	\$ 1,170,295	\$ 1,170,295
Local Protection Reserve	\$ 17,443,465	\$ 17,443,465	\$ 12,471,565	\$ 1,253,354
Facilities Maintenance	\$ 5,600,262	\$ 5,600,262	\$ 5,600,262	\$ 5,600,262
Technology	\$ 5,421,468	\$ 5,421,468	\$ 5,421,468	\$ 5,421,468
Classroom Furniture	\$ 750,000	\$ 350,000	\$ 0	\$ 0
One-Time Discretionary	\$ 14,479,291	\$ 5,496,931	\$ 2,302,019	\$ 0
Textbook Adoption	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
Anthem HRA Balance	\$ 158,228	\$ 158,228	\$ 0	\$ 0
ELL & School Programs	\$ 1,630,120	\$ 1,206,120	\$ 0	\$ 0
Future School Openings	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Declining Enrollment	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Pension Liability	\$ 0	\$ 2,956,714	\$ 3,078,903	\$ 2,104,118
LCAP & District Priorities	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

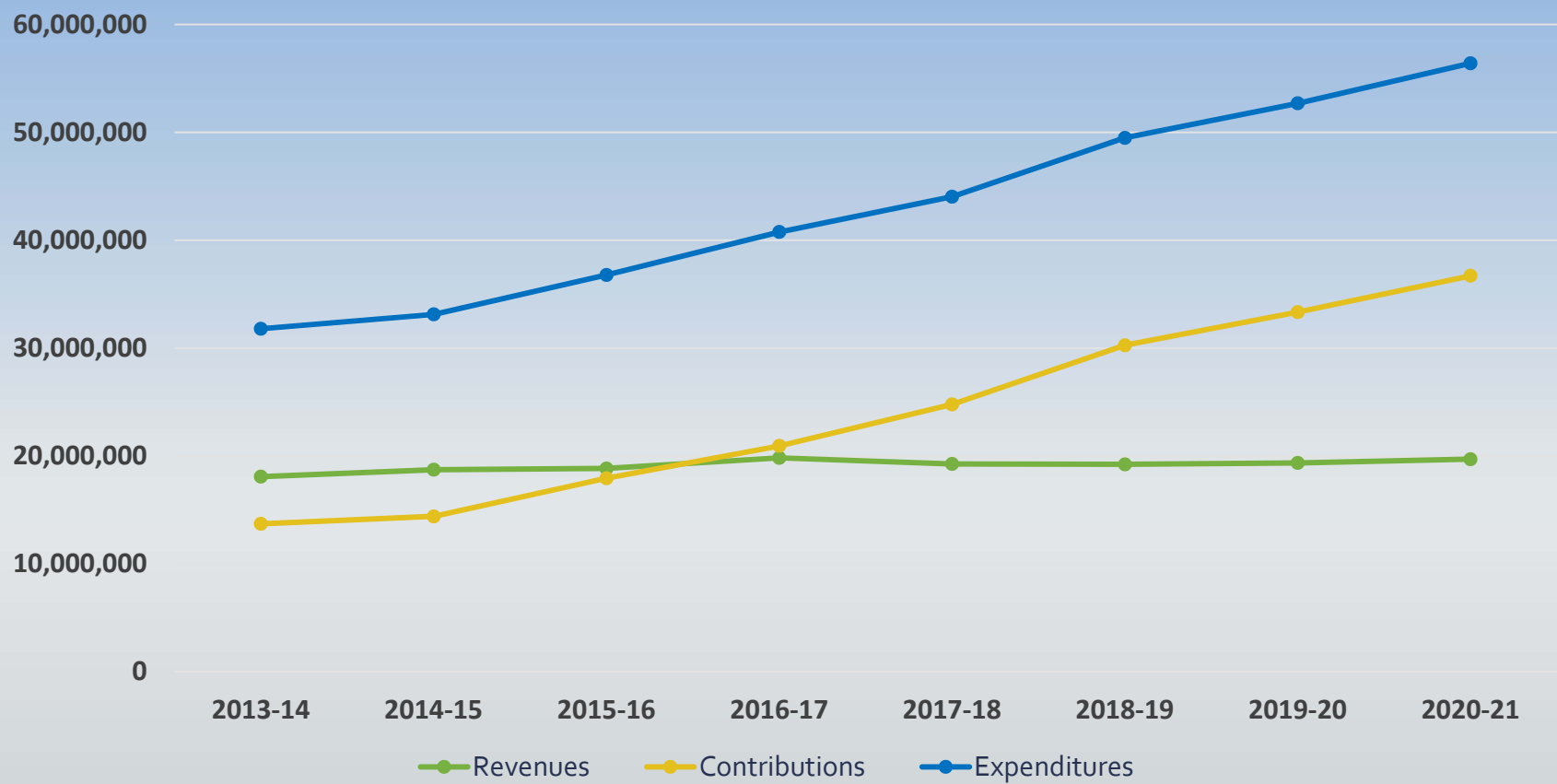
TUSD BALANCING CHALLENGES

TUSD HISTORIC SCHOOL FUNDING AND EXPENDITURES



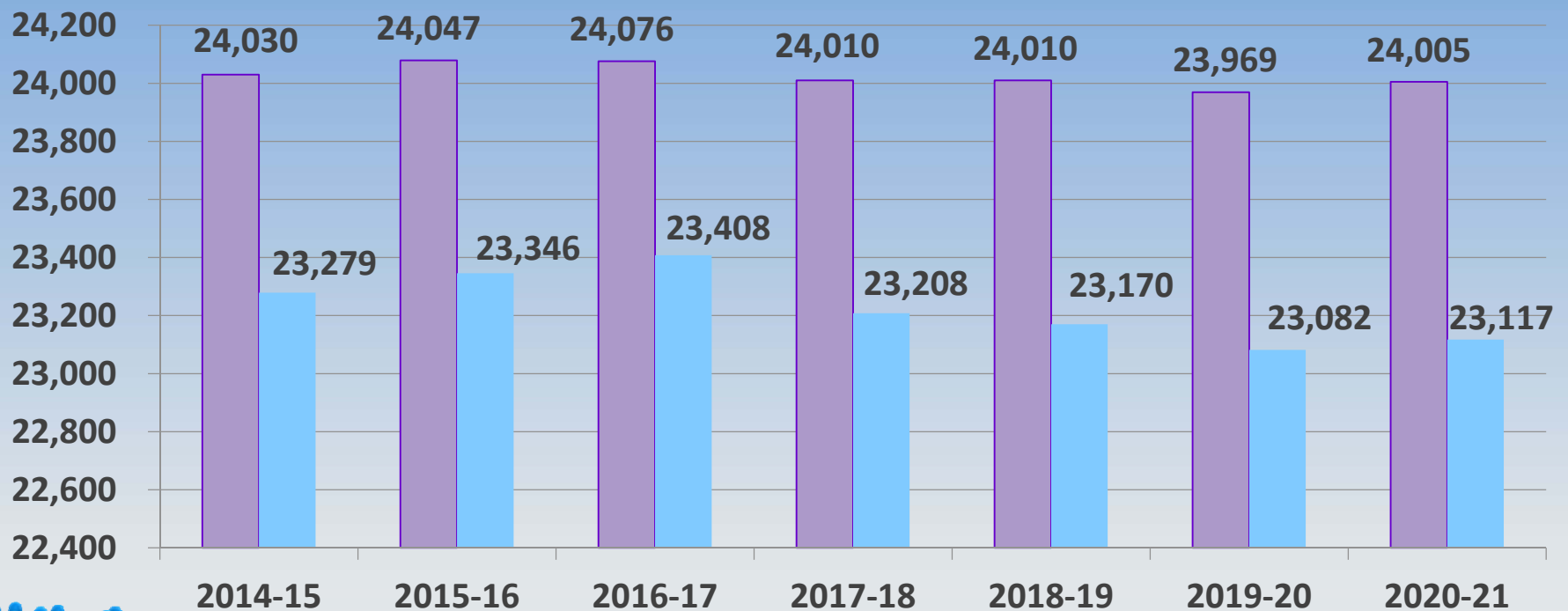
TUSD BALANCING CHALLENGES

TUSD HISTORIC SPECIAL EDUCATION FUNDING AND EXPENDITURES



TUSD BALANCING CHALLENGES

ENROLLMENT/ADA -ALL



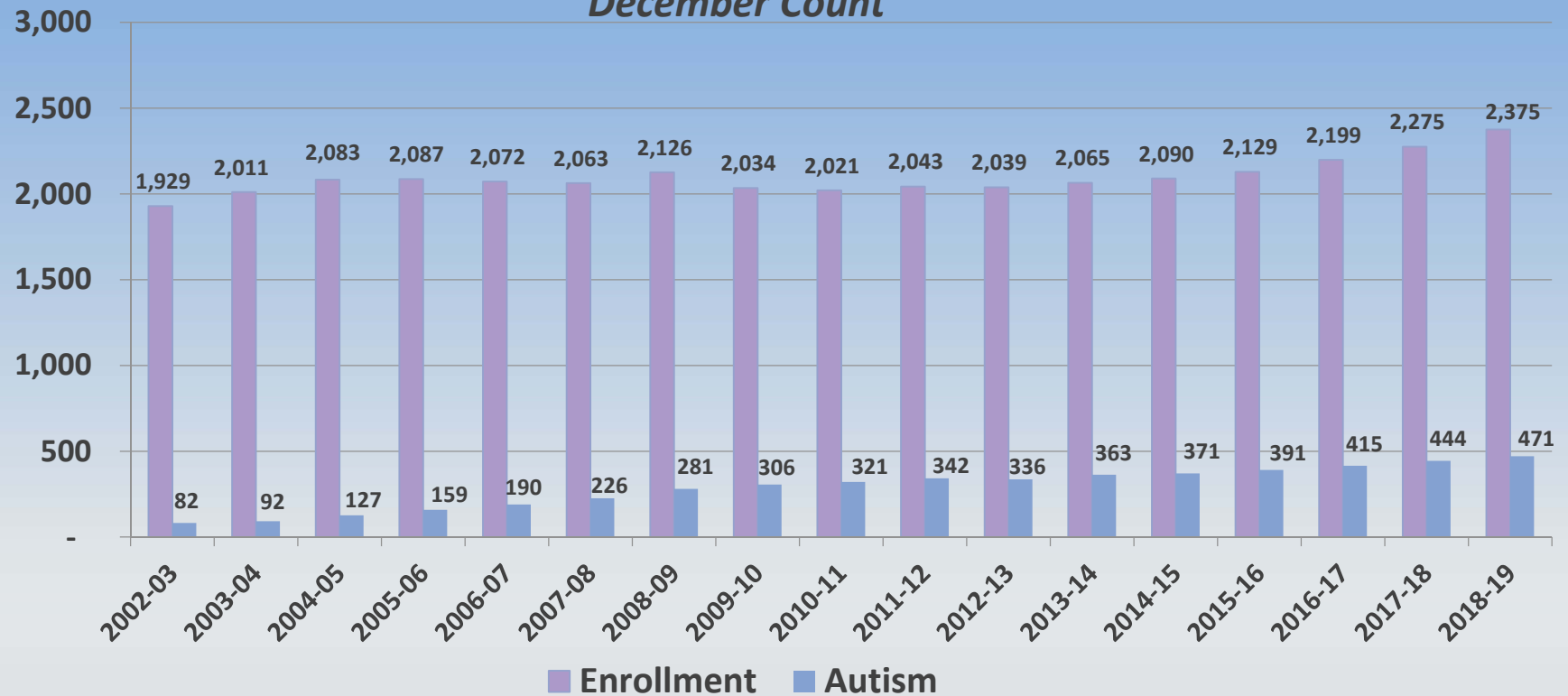
■ Enrollment ■ ADA

Enrollment Changes	81	17	29	-66	0	-41	36
ADA Changes	20	67	62	-200	-39	-88	35

TUSD BALANCING CHALLENGES

ENROLLMENT -SPECIAL EDUCATION

December Count

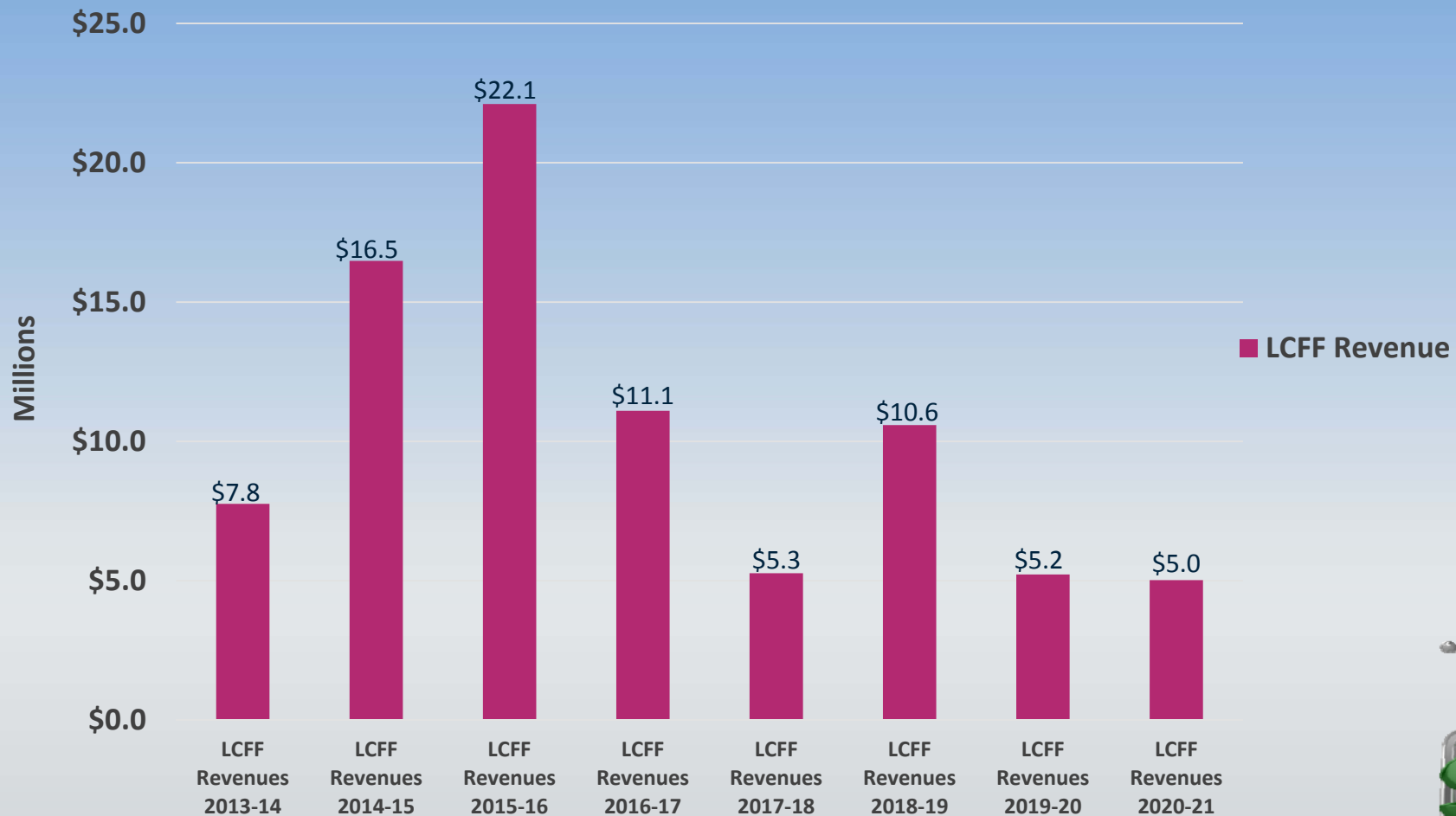


Fiscal Year/ Changes	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19
Enrollment	82	72	4	-15	-9	63	-92	-13	22	-4	26	25	39	70	76	100
Autism	10	35	32	31	36	55	25	15	21	-6	27	8	20	24	29	27

Source: Special Education Annual Data Comparison Report

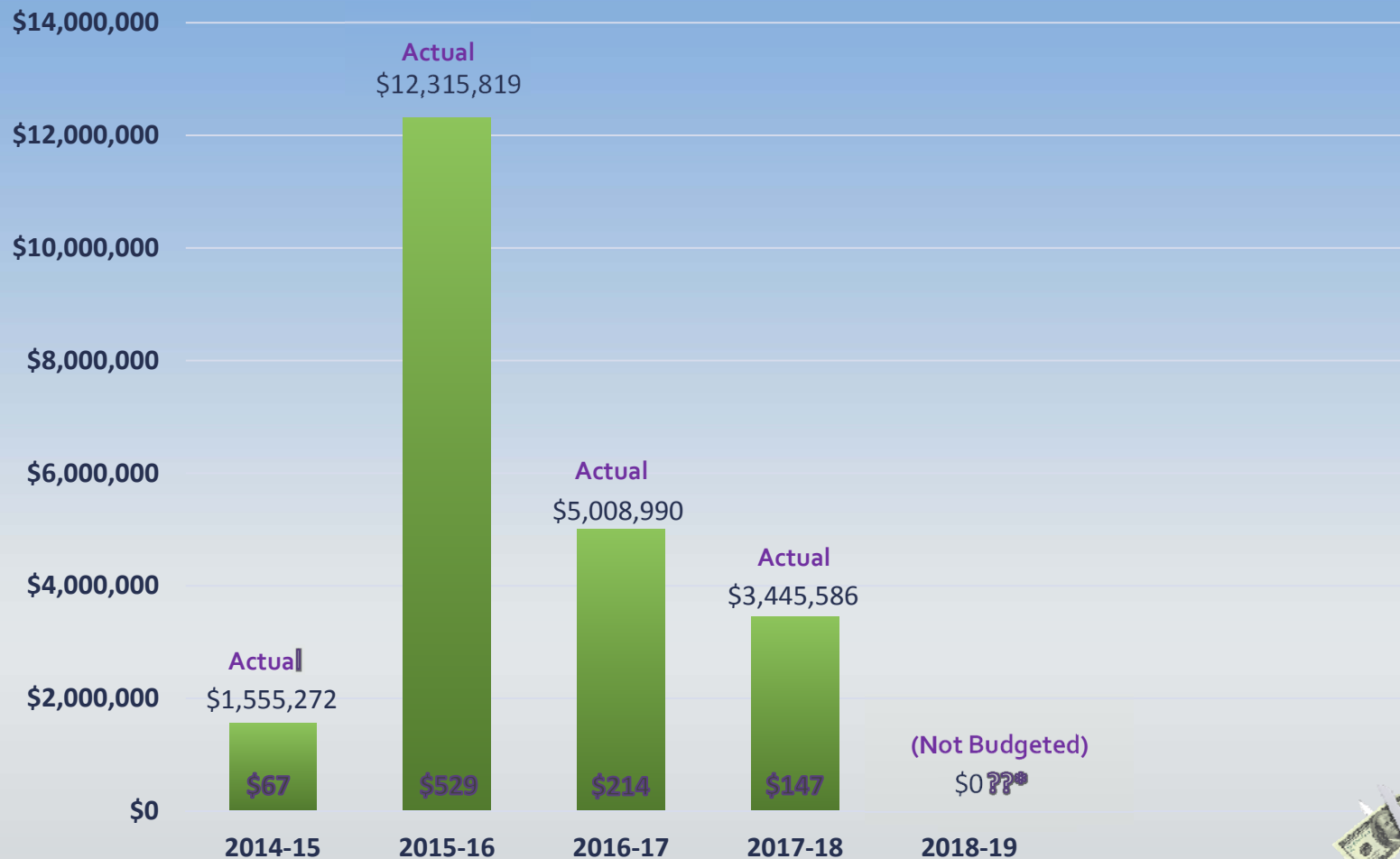
TUSD BALANCING CHALLENGES

LCFF FUNDING CHANGES



TUSD BALANCING CHALLENGES

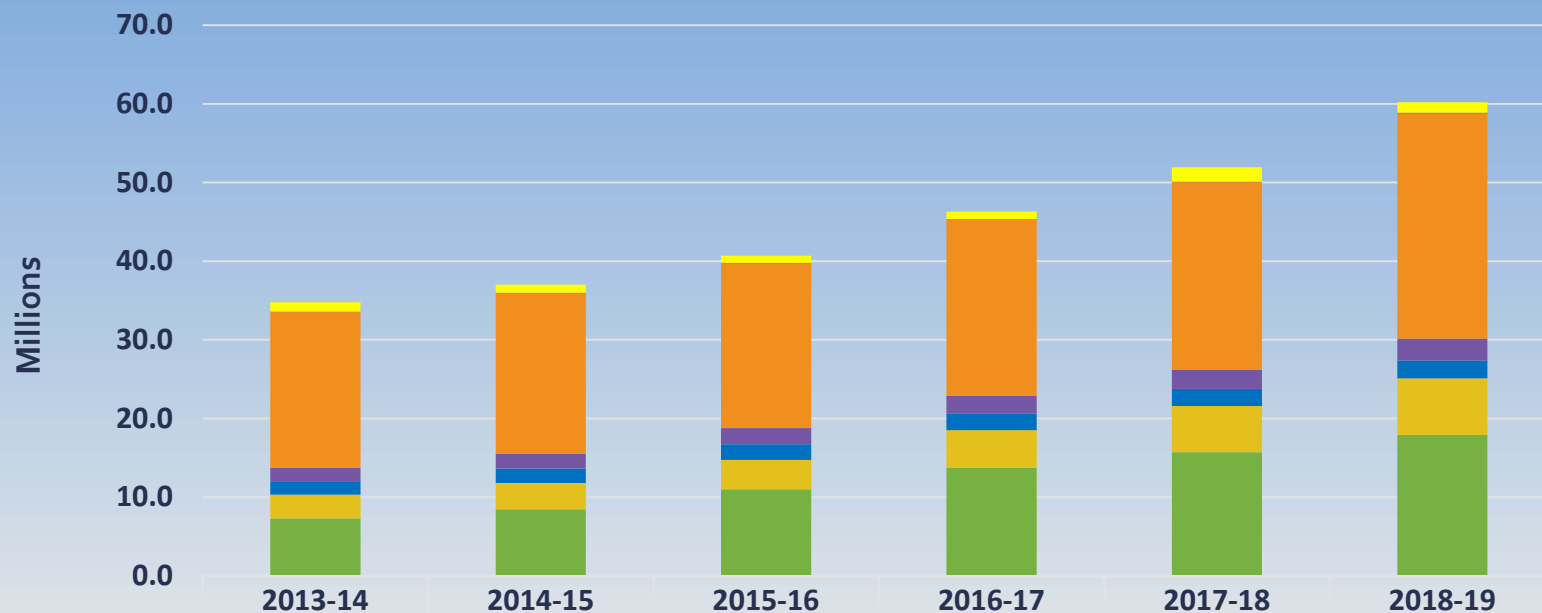
ONE-TIME DISCRETIONARY FUNDS



● Subject to Change -Still in discussion by legislators

TUSD BALANCING CHALLENGES

ESCALATING BENEFIT COSTS



WC	1.2	1.0	0.9	1.0	1.8	1.3
UIC	0.1	0.1	0.1	0.1	0.1	0.1
H&W	19.8	20.4	21.0	22.4	23.8	28.6
OASDI	1.7	1.9	2.0	2.3	2.4	2.8
Medicare	1.7	1.8	2.0	2.2	2.2	2.3
PERS	3.0	3.3	3.7	4.8	5.9	7.2
STRS	7.3	8.5	11.0	13.7	15.7	17.9

TOTAL

\$34.8

\$37.0

\$40.7

\$46.3

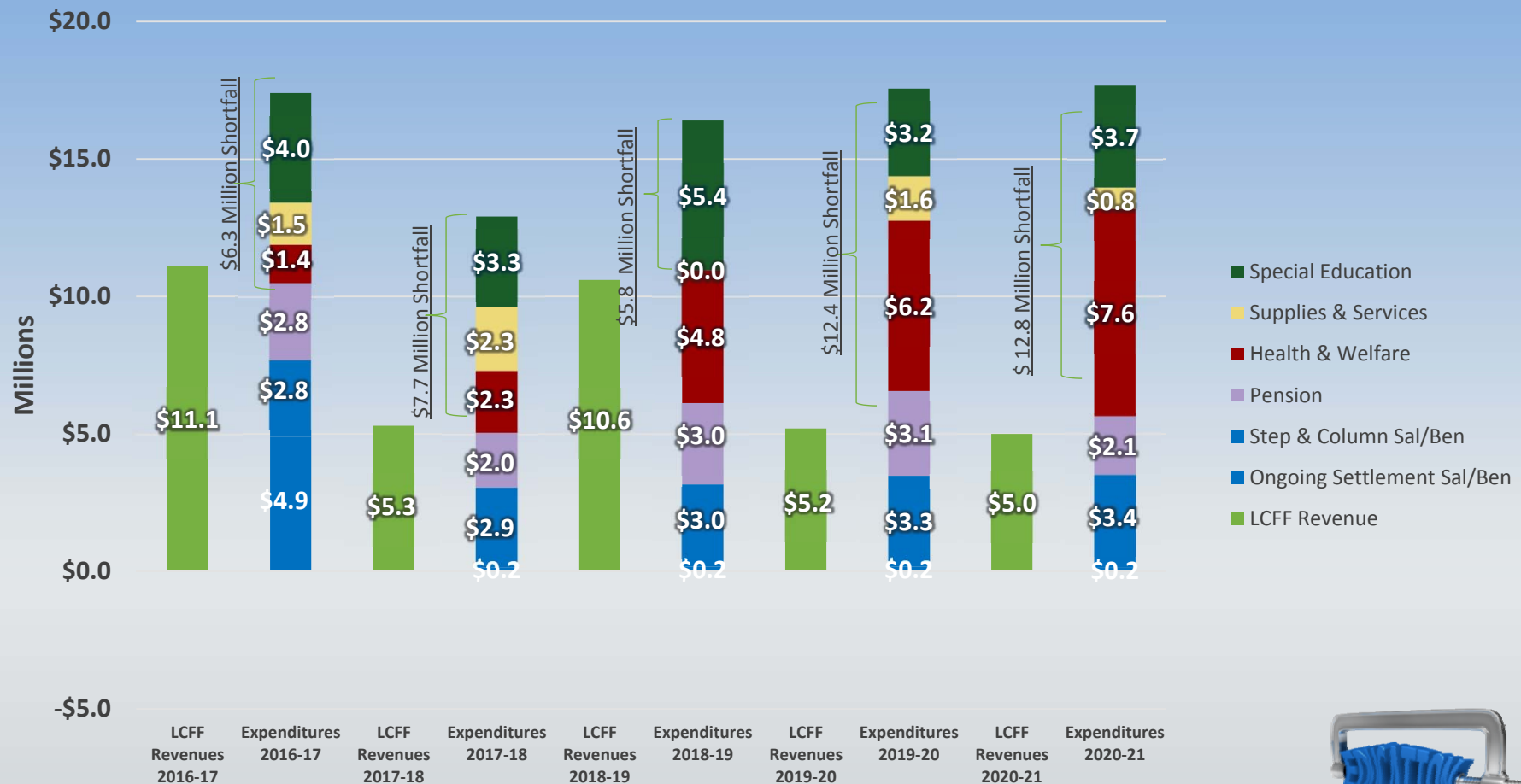
\$51.9

\$60.2

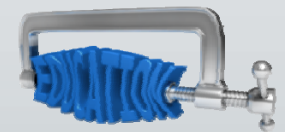


TUSD BALANCING CHALLENGES

MAJOR ONGOING REVENUES vs COSTS INCREASES

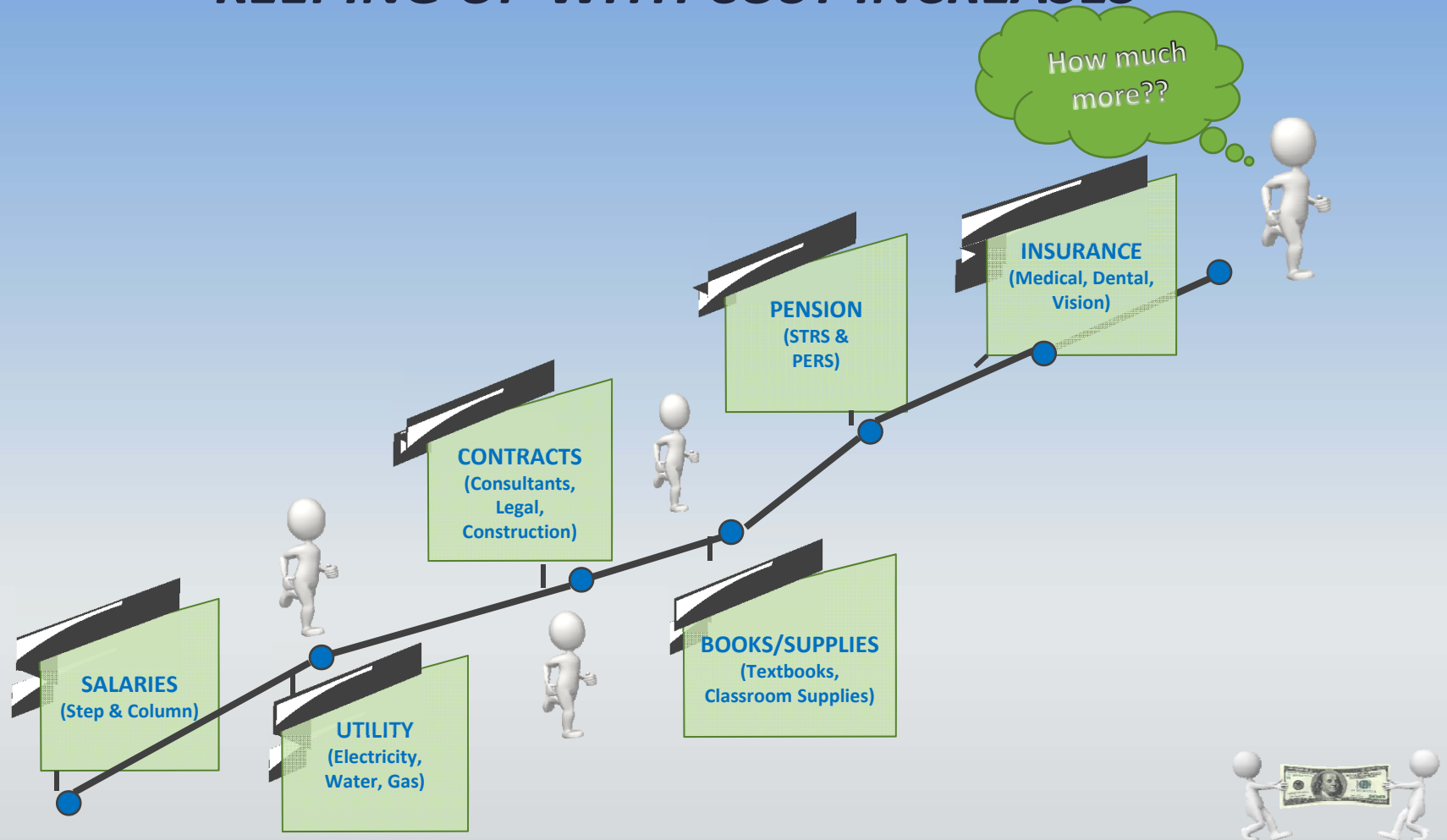


2016-17 2.5% One-Time Salary/Benefit Settlement: \$4 million



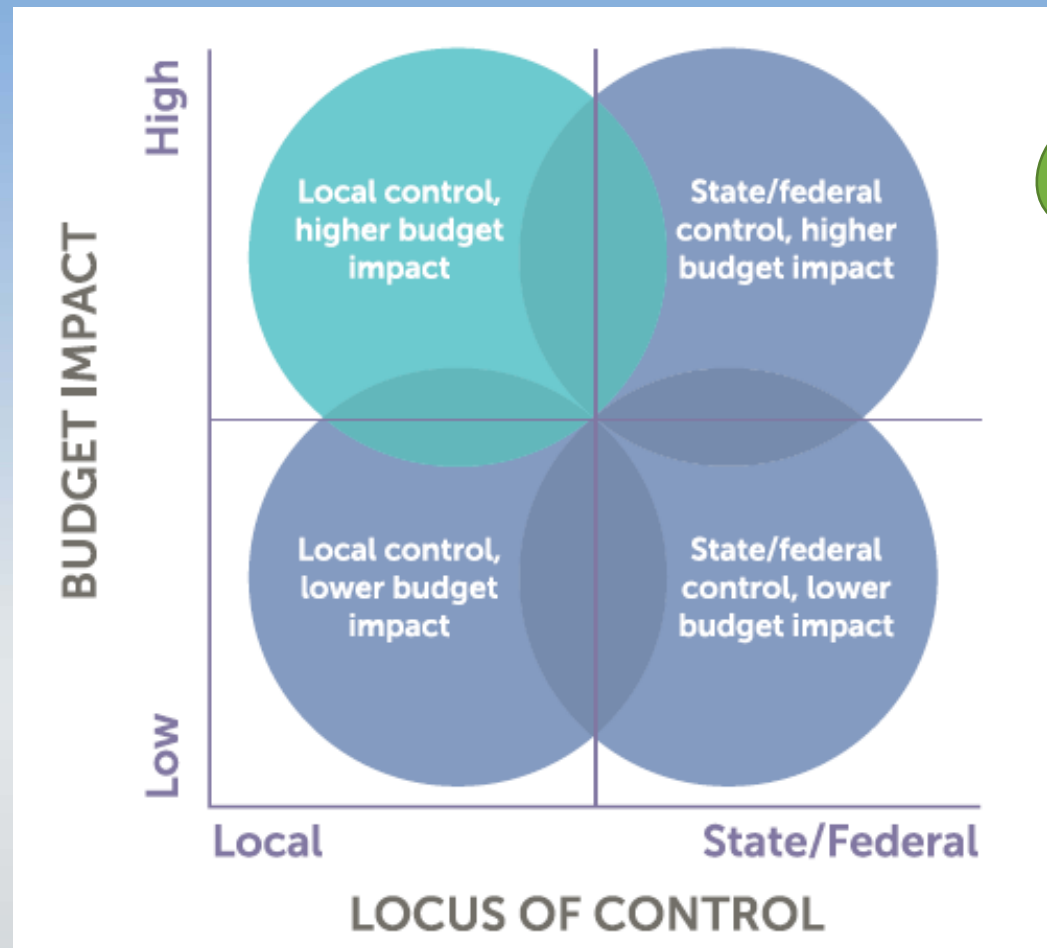
TUSD BALANCING CHALLENGES

KEEPING UP WITH COST INCREASES



TUSD BALANCING CHALLENGES

THE SILENT RECESSION AND THE DECISION MAKING PROCESS



"Why California School Districts are Underwater Despite Increases in Funding"



BUDGET TIMELINE TO ENACTMENT

May

- Update Subcommittee takes action on proposals and sends report to Budget Committee

June

- Houses and Committee adopts budget
- Houses & Governor Brown agree to budget and approve budget bill
- Governor acts on the budget

July

- Finance Conference
- Update to final adopt budget
- Begin closing process of 2017-18 fiscal year





In certifying the 2018-19 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.

