



Tustin Unified School District

2021-22 July 1 Budget

June 28, 2021



Tustin Unified School District

Budget Theme

- *“Slipping and sliding to the budget rhythm and beyond”*



Tustin Unified School District Agenda

1. State and Education Budget Updates
2. COVID-19 Revenues/Expenditures Updates
3. Budget Planning Factors
4. 2021-22 Revenue Projection
5. 2021-22 Expenditure Projection
6. 2021-22 Monthly Cash Flow Projection
7. Multi-Year Projections
8. Tustin Risks and Challenges Ahead
9. Budget Timeline
10. Board Certification

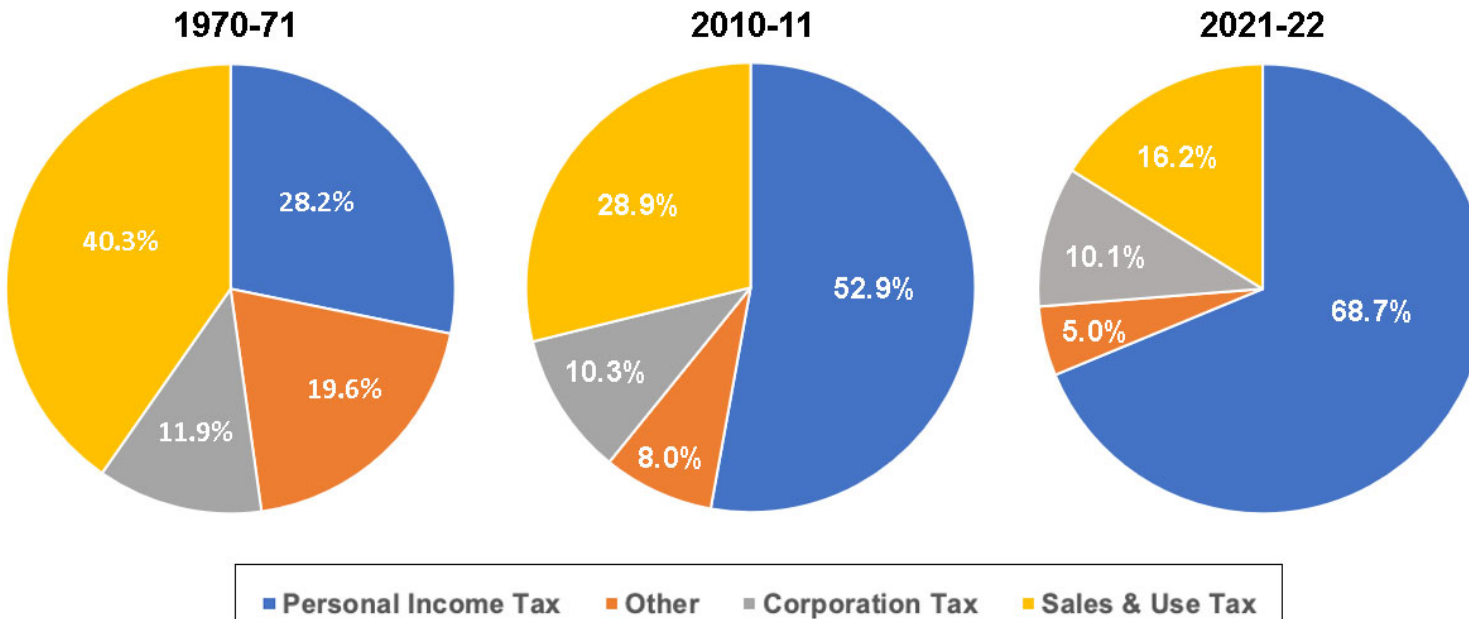


Tustin Unified School District

State and Education Budget Updates

State Revenues

General Fund Revenues Over the Decades



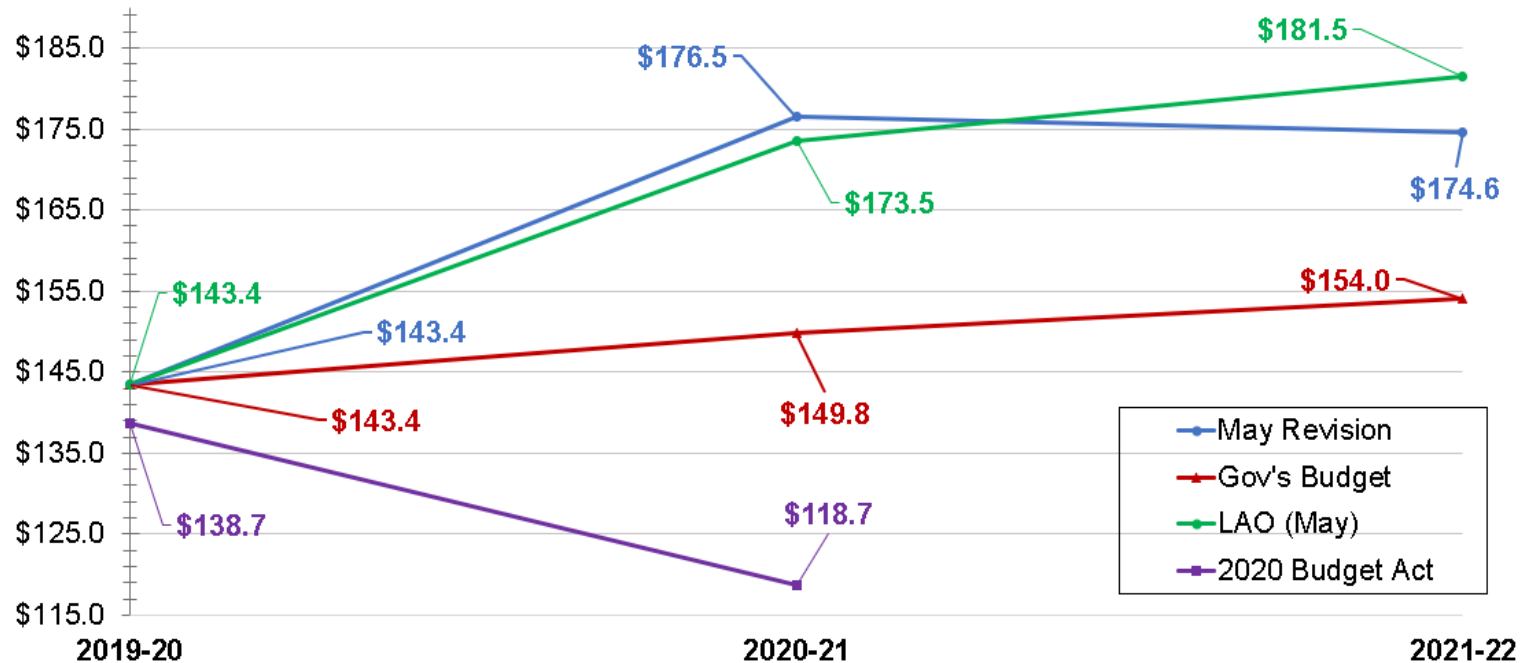
Source: Capitol Advisors Group, LLC

Tustin Unified School District

State and Education Budget Updates Cont.

State General Fund Revenues

Excluding transfers and federal funds
(Dollars in billions)

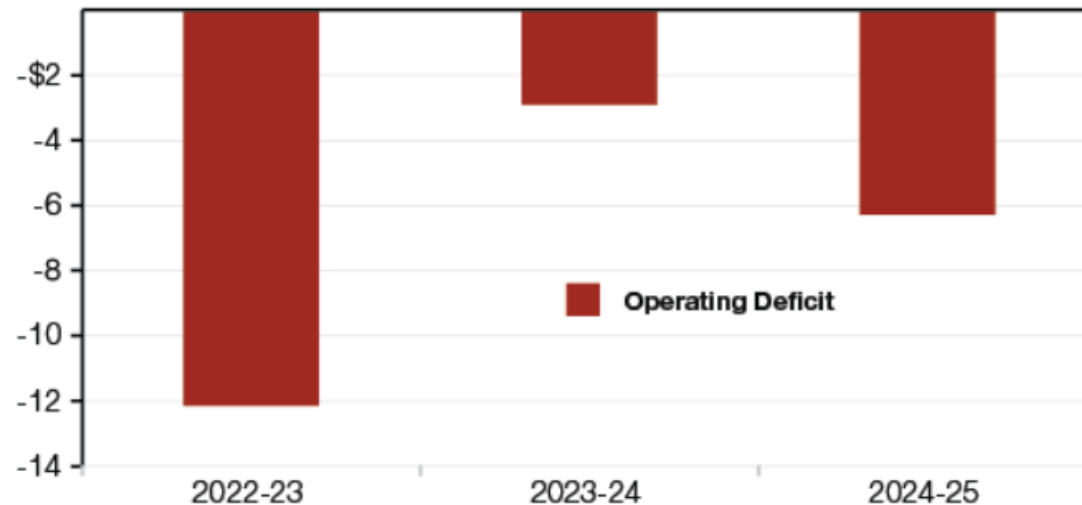


Source: Capitol Advisors Group, LLC

Tustin Unified School District State and Education Budget Updates Cont.

Under Administration Revenues and LAO Expenditures, Significant Operating Deficits

(In Billions)



Note: Operating surplus (deficit) defined as the change in the Special Fund for Economic Uncertainties and so excludes deposits into the Budget Stabilization Account. These deposits range from \$0.4 billion to \$3.1 billion over these years.

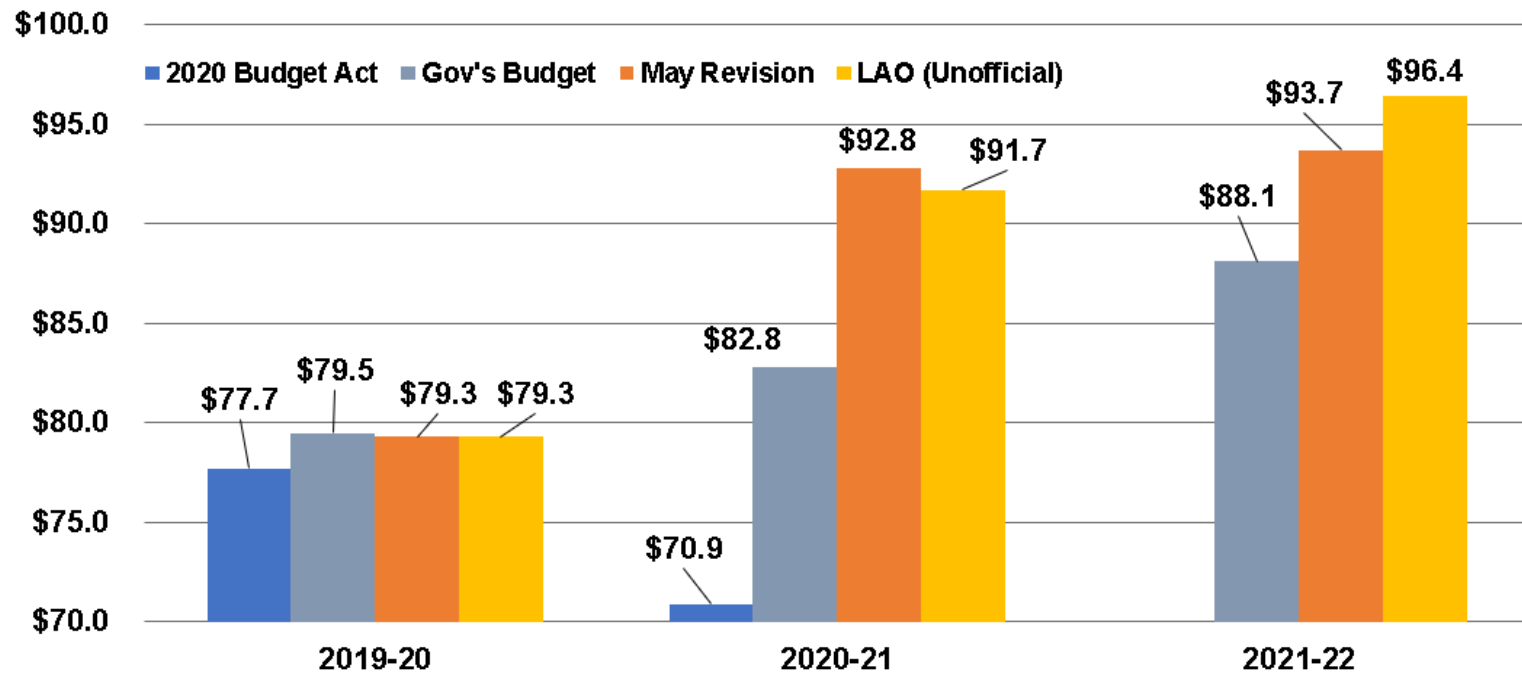
LAOA

Tustin Unified School District State and Education Budget Updates Cont.



Proposition 98 Guarantee

(Dollars in billions)



Source: Capitol Advisors Group, LLC

Tustin Unified School District

State and Education Budget Updates Cont.



Education Budget Comparison

Budget Proposals	Second Interim/Estimated Actual	May Revision	Legislature/Governor Budget Proposals
Proposition 98	\$88.1Billion	\$93.7 Billion	\$96.1 Billion
LCFF COLA	2021-22 3.84% 2022-23 1.28% 2023-24 1.61%	2021-22 5.07% <i>Includes</i> 20-21 2.31% (Unfunded) + 21-22 1.70% (Statutory) + 21-22 1.00% (Mega) 2022-23 2.48% 2023-24 3.11%	2021-22 5.07% <i>Includes</i> 20-21 2.31% (Unfunded) + 21-22 1.70% (Statutory) + 21-22 1.00% (Mega) 2022-23 2.48% 2023-24 3.11%
COLA (Special Education and Categorical Programs)	1.50%	4.05% Spec Educ 1.70% Categorical Progs	4.05% Spec Educ 4.05% Categorical Progs
Pension (CalPERS/CalSTRS)	CalPERS 23.00%/CalSTRS %15.92	CalPERS 22.91%/CalSTRS 16.92%	
COVID Funds (Federal Stimulus Funds & State Relief)	\$32.1 Million (2019-20 and 2020-21 Budget)	\$40.0 Million (2021-22 Budget)	\$ TBD
Pay Down of Cash Deferral (Remaining)	Feb – May 2022	June – July 2022	-None-
One-Time Discretionary: <ul style="list-style-type: none"> • Special Education (include 3-5 years old) • Universal Transitional Kindergarten (TK) • Expanded Learning Program • Community School • Universal School Meals Programs • Miscellaneous Special Programs 	TBD	<ul style="list-style-type: none"> • \$300M ongoing/\$293M one-time • \$9M 2022-23 - \$2.7B in 2024-25 • \$1B 2021-22 - \$5B 2025-26 • \$3B one-time • \$150M ongoing • \$TBD 	<ul style="list-style-type: none"> • \$656M ongoing to base/\$550 one-time • \$TBD (Full implementation by 2025-26) • \$1B ongoing/\$753.1M one-time • \$3B one-time • \$54M 21-22/\$650M 22-23 Ongoing • \$TBD

Tustin Unified School District

COVID-19 Revenues/Expenditures Updates



COVID Allocations	Amount
State COVID SB117	\$ 398,812
LLM Prop 98 LCFF	\$ 1,852,684
ESSER I	\$ 2,590,208
LLM CRF	\$ 10,456,005
LLM Spec Educ GEER I	\$ 1,173,489
In-Person Instruction	\$ 7,057,148
Expanded Learning Opportunity	\$ 13,848,142
Expanded Learning Opportunity-Para Professional	\$ 1,486,460
ESSER II	\$ 10,278,602
ESSER III (80%)	\$ 18,415,608
ESSER III (20% Learning Loss)	\$ 4,603,902
TOTAL COVID	\$ 72,161,060

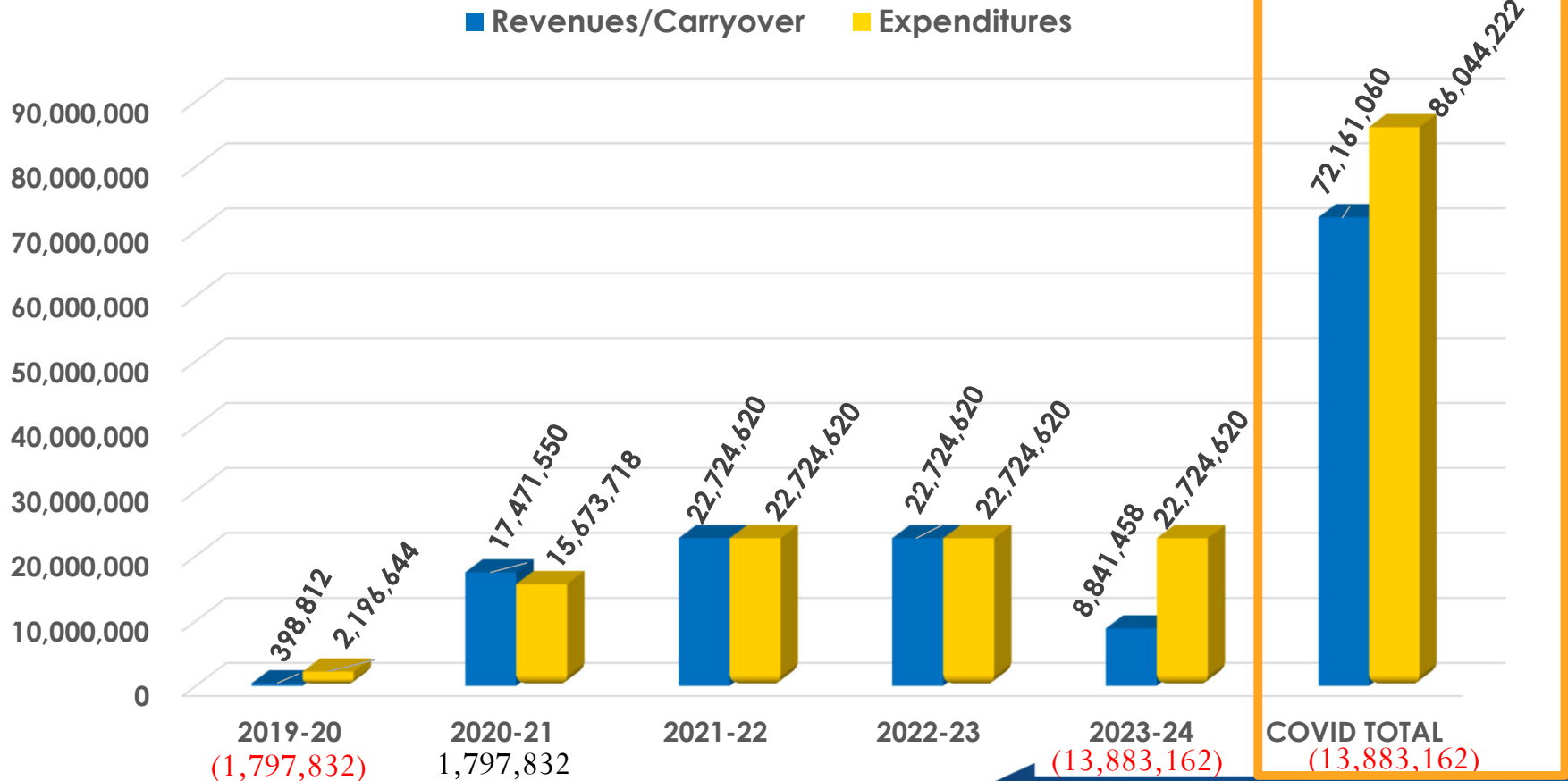
COVID Expenditures

- Salaries/Benefits
 - Teachers
 - Regular
 - Summer School
 - MTSS
 - Intervention/Tutor
 - Special Education
 - Substitutes
 - Mental Health
 - Nurse
 - Para-Educators
 - Professional Development
 - Stipends/Hours
 - Nutrition Services
 - Clerical
 - Custodial

COVID Expenditures cont.

- Transportation
- Health & Safety Supplies
 - PPE
 - Air Purifier
- Food Supplies/Equipment
- Technology Devices/Software/Equipment
- Instructional Materials & Supplies
- Special Educ Consultants & Supplies
- Indirect Costs

Tustin Unified School District COVID-19 Revenues/Expenditures Updates Cont.



Tustin Unified School District

Budget Planning Factors

What new



funds did
you hear??

When do
we get
the
money??



Who can we ask?
Where can
we check??



What are the
deadlines
to spend??

The Mystery of School Funding (Finances)



Detective work in progress



What are the
guidelines to
receive and
spend??





Tustin Unified School District Budget Planning Factors Cont.

Parents

Community

Employees

LCAP/District Goals & Priorities

Students

State Budget

Legal/Reporting
Requirements

LCFF Revenues

Enrollment/ADA

Cash Flow

One-Time Revenues

Special Education

Staffing

Health
&
Welfare

Step & Column

Budgeting
Requirements

Indirect Costs

Books
&
Supplies

Contracts

Grants
&
Entitlements

Contributions

Salaries/Benefits

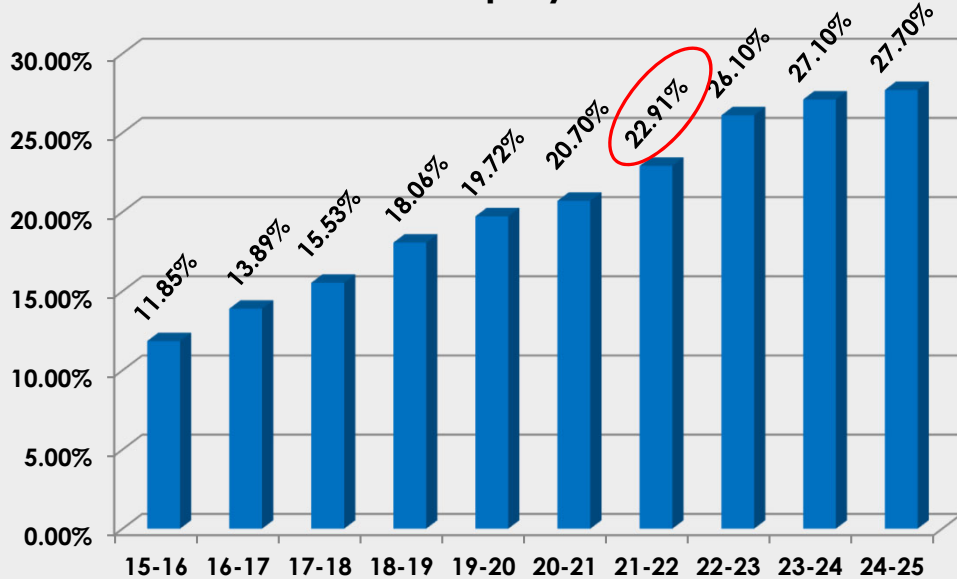
Local Programs

Inflation

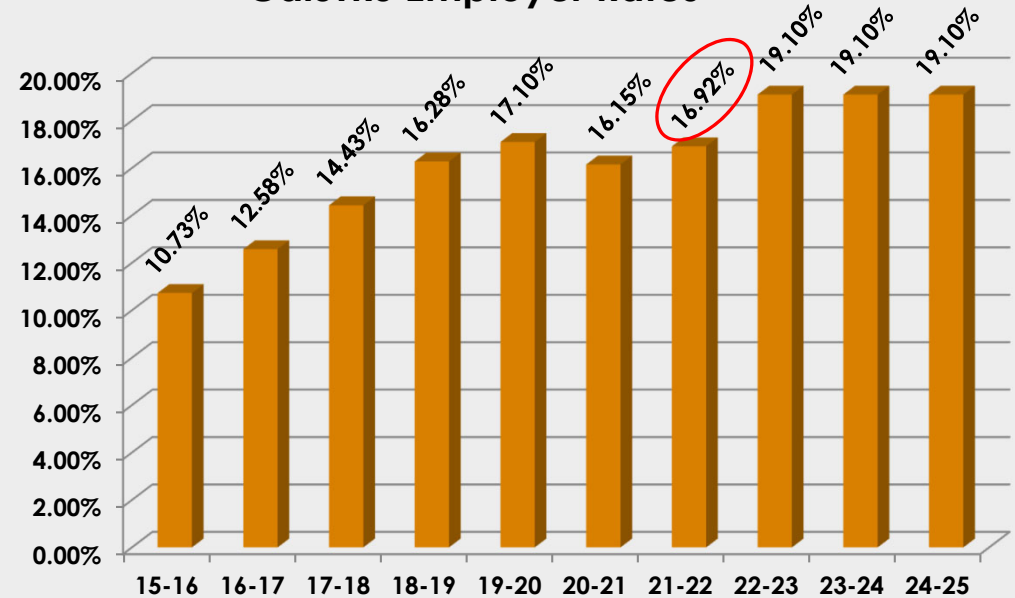
Reserves

Tustin Unified School District Budget Planning Factors Cont. Employer Pension Rates

CalPERS Employer Rates



CalSTRS Employer Rates



Reserve	2021-22	2022-23	2023-24
Pension Liability	\$2,276,175	\$4,103,022	\$429,384

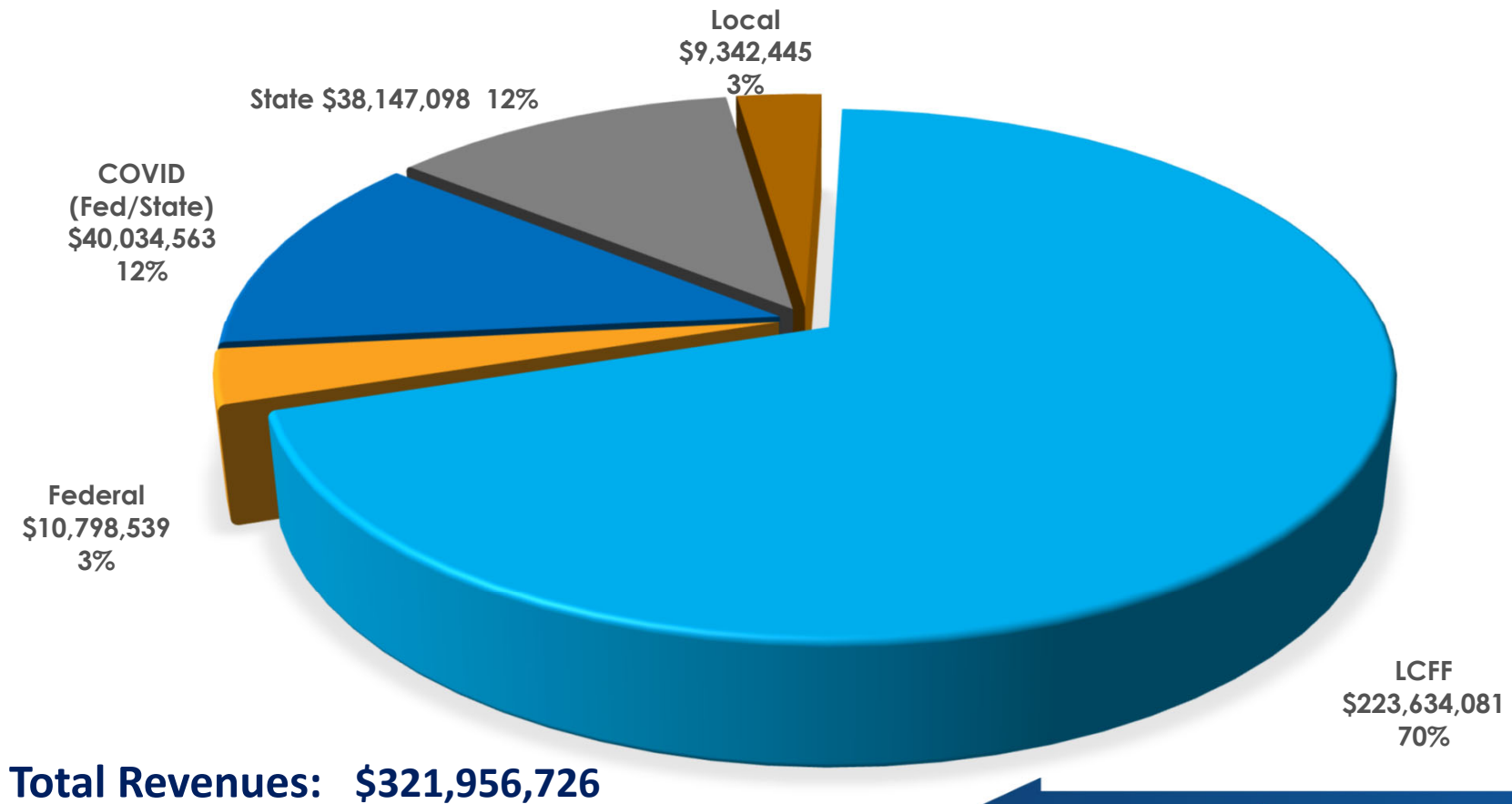
CalPERS unsubsidized rate: 23% and CalSTRS unsubsidized rate: 19.10%

Tustin Unified School District Budget Planning Factors Cont. Unemployment History

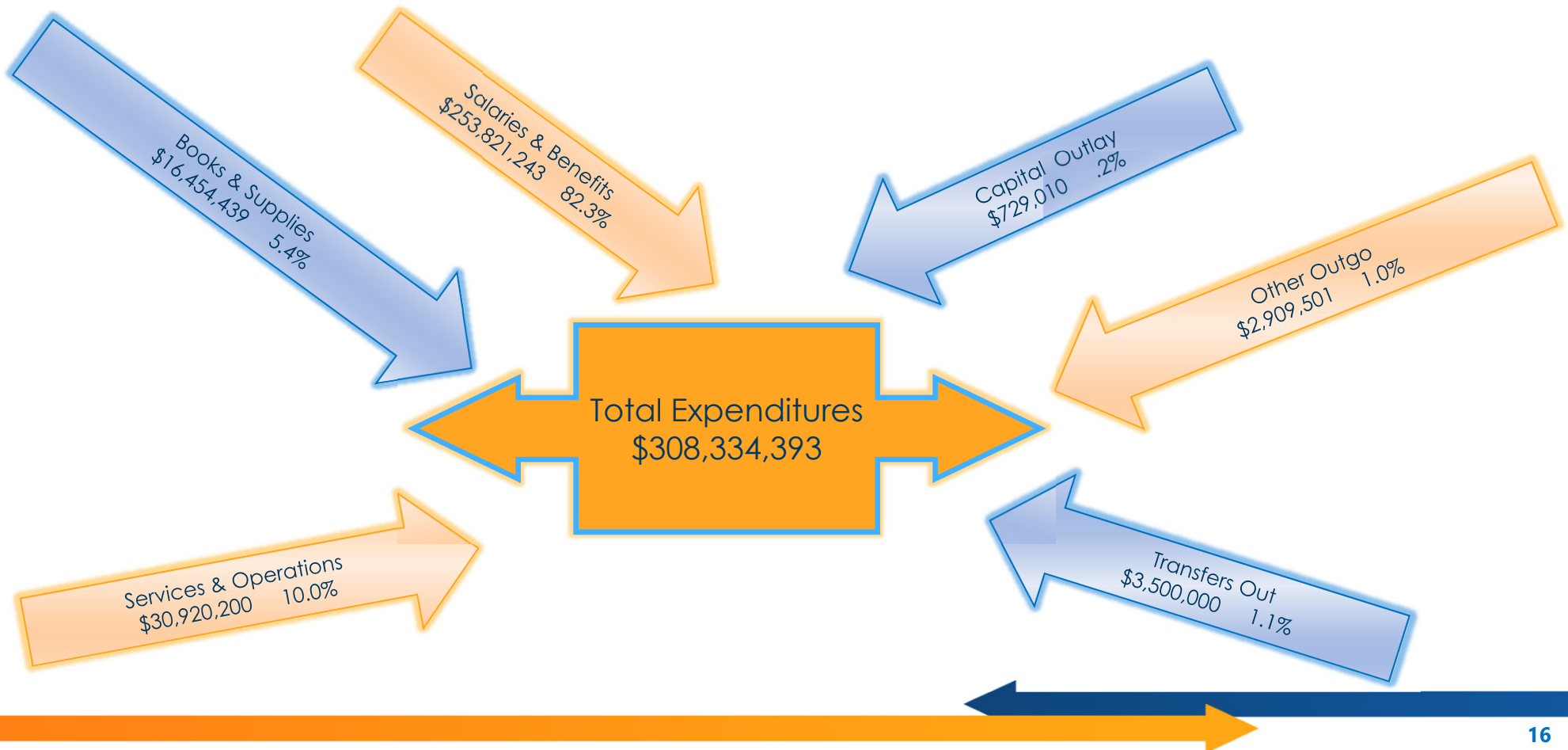


<u>Fiscal Year</u>	<u>UIC Rates</u>	<u>General Fund 01</u>
2002-2003	0.12%	\$ 96,847.41
2003-2004	0.30%	\$ 245,830.47
2004-2005	0.65%	\$ 416,516.44
2005-2006	0.45%	\$ 382,839.07
2006-2007	0.05%	\$ 46,926.09
2007-2008	0.05%	\$ 57,929.99
2008-2009	0.30%	\$ 318,539.67
2009-2010	0.30%	\$ 319,687.23
2010-2011	0.72%	\$ 740,344.22
2011-2012	1.61%	\$ 1,655,042.28
2012-2013	1.10%	\$ 1,146,448.44
2013-2014	0.05%	\$ 61,694.63
2014-2015	0.05%	\$ 62,767.32
2015-2016	0.05%	\$ 66,973.97
2016-2017	0.05%	\$ 72,703.43
2017-2018	0.05%	\$ 71,847.03
2018-2019	0.05%	\$ 74,256.68
2019-2020	0.05%	\$ 76,822.56
2020-2021	0.05%	\$ 89,685.00
2021-2022	1.23%	\$ 2,094,051.00
2022-2023	.20%	\$ 352,335.00
2023-2024	.20%	\$ 337,238.00

Tustin Unified School District 2021-22 Revenue Projection

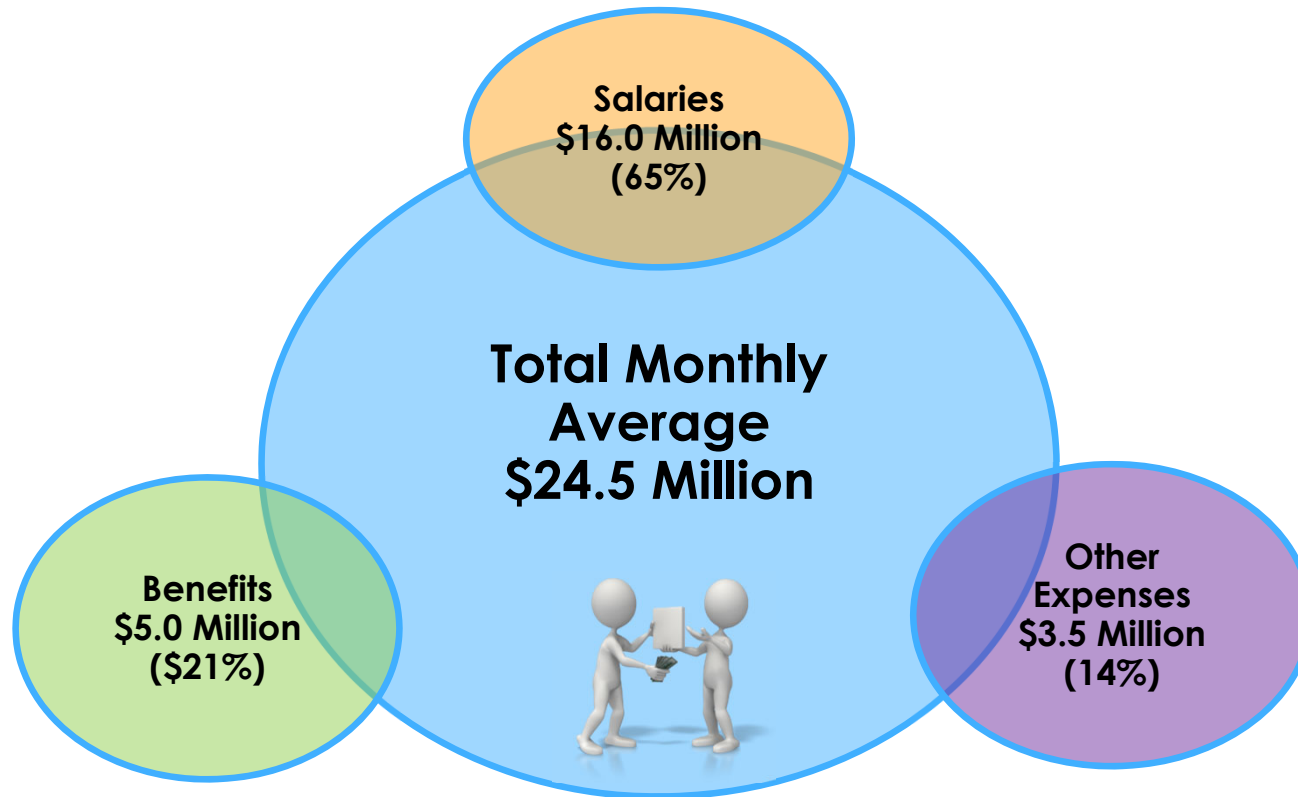


Tustin Unified School District 2021-22 Expenditure Projection



Tustin Unified School District

2021-22 Monthly Cash Flow Projection





Tustin Unified School District Multi-Year Projections



	2020-21 Estimated Actual	2021-22	2022-23	2023-24
REVENUES:				
LCFF Source	\$ 212,798,086	\$ 223,634,081	\$ 218,939,027	\$ 220,698,176
Federal	23,896,374	44,096,648	9,236,113	9,236,113
Other State	55,252,879	44,883,552	37,658,013	37,340,160
Other Local	11,382,140	9,342,445	8,186,549	8,016,402
TOTAL REVENUES	\$ 303,329,479	\$ 321,956,726	\$ 274,019,702	\$ 275,290,851
EXPENDITURES:				
Certificated Salaries	\$ 115,401,163	\$ 126,066,516	\$ 126,765,897	\$ 118,103,125
Classified Salaries	44,148,650	48,160,480	49,401,628	50,515,796
Employee Benefits	71,726,400	79,594,247	80,899,506	81,631,290
Books and Supplies	19,713,024	16,454,439	15,211,976	14,120,199
Services and Other Operating Expenditures	28,394,864	30,920,200	31,647,125	31,222,336
Capital Outlay	764,788	729,010	746,506	763,153
Other Outgo – Payments and Indirect Transfers	2,574,921	2,909,501	2,979,330	2,724,085
TOTAL EXPENDITURES	\$ 282,723,810	\$ 304,834,393	\$ 307,651,968	\$ 299,079,985
TOTAL TRANSFERS OUT	\$ 4,656,825	\$ 3,500,000	\$ 3,000,000	\$ 3,000,000
NET CHANGE IN FUND BALANCE	\$ 15,948,844	\$ 13,622,333	(\$ 36,632,266)	(\$ 26,789,134)
BEGINNING FUND BALANCE	\$ 97,563,357	\$ 113,512,201	\$ 127,134,534	\$ 90,502,267
ENDING FUND BALANCE	\$ 113,512,201	\$ 127,134,534	\$ 90,502,267	\$ 63,713,133
3% Requirement for Economic Uncertainty	\$ 8,621,420	\$ 9,250,032	\$ 9,319,560	\$ 9,062,400
Other Required Reserves	\$ 104,890,781	\$ 117,884,502	\$ 81,182,707	\$ 54,650,733



Tustin Unified School District Multi-Year Projections – Fund Balance



Components of Ending Fund Balance	2020-21 Estimated Actual	2021-22	2022-23	2023-24
3% Requirement for Economic Uncertainties	\$ 8,621,420	\$ 9,250,032	\$ 9,319,560	\$ 9,062,400
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 Fund Balance	32,690,251	49,927,350	25,048,059	10,325,024
<u>Committed Reserves:</u>				
• Vacation Liability	2,397,235	2,397,235	2,397,235	2,397,235
• Declining Enrollment	2,500,000	2,500,000	2,500,000	2,500,000
• Local Protection	22,942,522	22,942,522	22,942,522	14,108,849
• Pension Liability	0	2,276,175	4,103,022	429,384
• Facilities Maintenance	5,600,262	5,600,262	5,600,262	5,600,262
• Technology Refresh	6,000,000	6,000,000	6,000,000	6,000,000
• Classroom Furniture	100,000	100,000	0	0
• Future School Opening	100,000	100,000	100,000	0
• One-Time Discretionary	20,340,798	16,287,964	5,005,057	6,412,765
• School Programs	576,426	576,426	0	0
• Textbook Adoption	6,000,000	6,000,000	6,000,000	6,000,000
• ELL Carryover	2,466,719	0	0	0
• Anthem HRA Liability	147,916	147,916	147,916	147,916
• Health & Welfare Insurance Rebate	1,497,125	1,497,125	0	0
• MAA/Medi-Cal Program Carryover	802,230	802,230	609,337	0



Tustin Unified School District

Multi-Year Projections

Unrestricted Summary



2020-21

Revenue Total
\$225,764,185

Transfer to
Special
Education
(\$35,757,007)

Expenditure
Total
\$187,984,848

Net Change in
Fund Balance

\$2,022,330

2021-22

Revenue Total
\$236,398,248

Transfer to
Special
Education
(\$39,036,311)

Expenditure
Total
\$200,976,703

Net Change in
Fund Balance

(\$3,614,766)

Changes in Revenue & Expenditures

Revenue Increase \$10.6 Mil

Expenditure Increases:

- Cert. Salaries \$ 1.6
- Class. Salaries 2.3
- Unemployment 1.4
- Textbooks 3.8
- Transportation 1.6
- Utility .3
- Spec Educ Contrib 3.2
- Total Expenditures \$14.2 Mil

• Net Change (Deficit) \$ 3.6 Mil

2022-23

Revenue Total
\$231,159,082

Transfer to
Special
Education
(\$41,518,575)

Expenditure
Total
\$201,393,483

Net Change in
Fund Balance

(\$11,752,976)

Decrease
\$5.2
Million

Increase
\$2.5
Million

Increase
\$.4
Million

2023-24

Revenue Total
\$232,849,975

Transfer to
Special
Education
(\$41,078,546)

Expenditure
Total
\$203,837,528

Net Change in
Fund balance

(\$12,066,099)

Increase
\$1.7
Million

Decrease
\$.4
Million

Increase
\$2.4
Million

Tustin Unified School District

Risks and Challenges Ahead

Long-Term Budget Consideration and Planning



State/National Level

- **Volatility of School Finances**
- **Coronavirus Impact**
- **Economy (stock market)**
- **Future State Deficit**
- Unemployment Rate
- Election September 2021
- California House Members
- Climate Change (Wildfire, Drought, and Earthquake)
- Global Impact
- Homeless Crisis
- Housing Affordability
- Equity
- Policy Changes (Immigrations, Trades, etc.)
- Minimum Wage
- **Inflation**

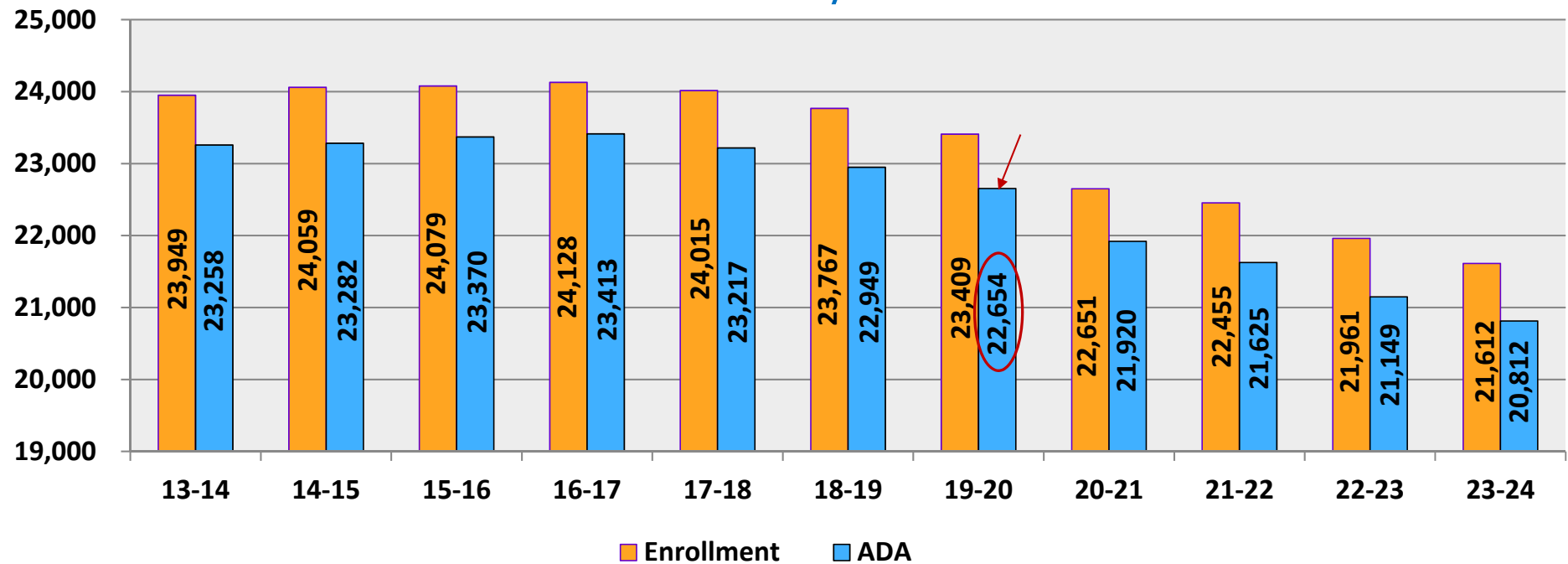


Local Level

- LCFF Funding COLA
- **Enrollment/ADA Decline**
- Legal Requirements
- **Special Education Costs**
- Cash Flow – Payment Deferrals
- **Structural Deficit –Maintaining Fiscal Solvency**
- **Managing One-Time Funds (COVID)**
- **Reopening Schools**
- **Coronavirus Impact**
- Collective Bargaining
- **Escalating Technology Costs**
- Maintaining Commitments
- Ongoing Cost Increases (Step & Column/H&W/Pension/Utility/Water /Legal/Contracts/Others)
- Other Local Expectations



Tustin Unified School District Risks and Challenges Ahead Enrollment/ADA

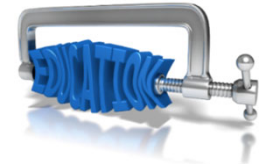


Enrollment Changes	197	110	20	49	-113	-248	-358	-758	-196	-494	-349
ADA Changes	123	24	88	43	-196	-268	-295	-734*	-295*	-476	-337
Funded ADA							22,654	22,654*	22,654*	21,625	21,149

* 2020-21 (no attendance taken, estimated) and 2021-22 -> funded with 2019-20 ADA

(1,029)

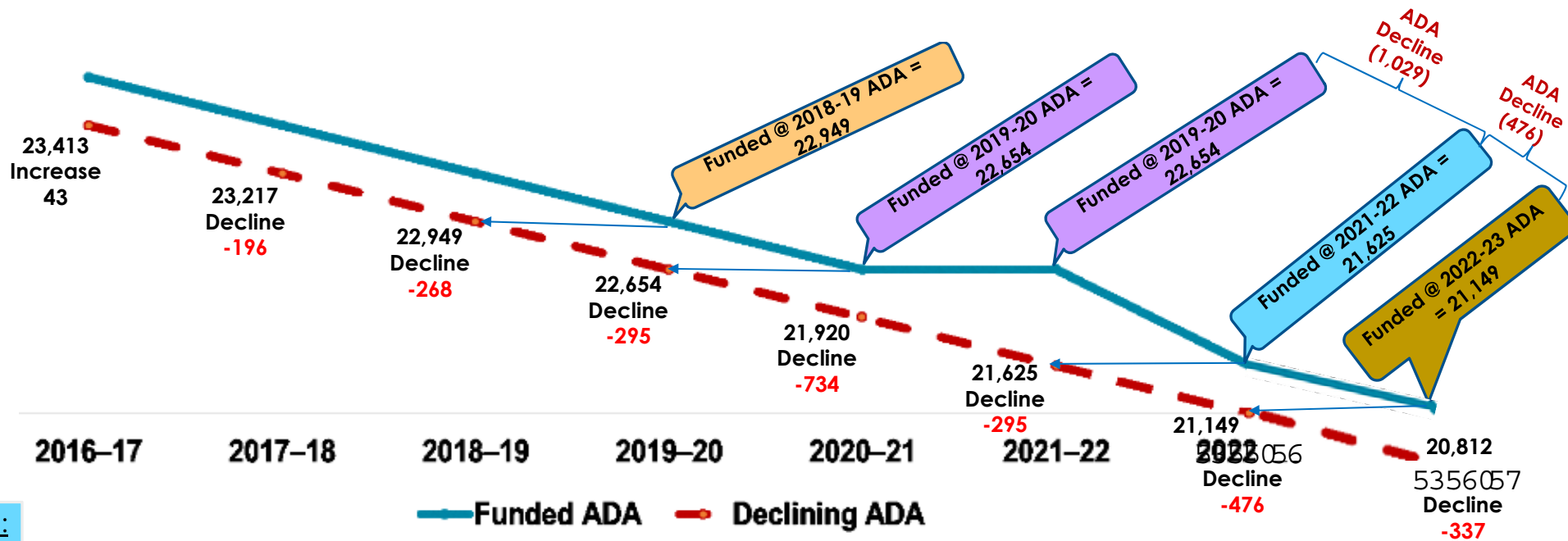
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Tustin Unified School District

Risks and Challenges Ahead

Impacts of Multi-Year Declining Enrollment/ADA Projections



Tustin Data:

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Enrollment	24,128	24,015	23,767	23,409	22,651	22,455	21,961	21,612
ADA *	23,413	23,217	22,949	22,654	21,920	21,625	21,149	20,812
Unduplicated Pupil %	44.79%	44.86%	44.35%	44.53%	43.69%	43.62%	42.89%	42.55%

*ADA = Average Daily Attendance

Tustin Unified School District

Budget Timeline

Next Budget Rhythm and Beyond



June

- Legislature and Governor meet to address outstanding budget issues
- June 15 – Legislature approved State Budget Bill
- June 30 – Governor to act on State Budget Act
 - Sign as is
 - Sign with veto/reduction line item
 - Reject the whole budget bill and send it back to the Legislature

July

- 2021-22 Budget goes into effect July 1
- July Finance Conference – State approved 2021-22 State Budget Bill
- Begin closing process for fiscal year 2020-21

August

- Complete closing fiscal year 2020-21
- Prepare 2020-21 Unaudited Actual Report for Board approval on September 13
- Update 2021-22 Budget to Governor's final Budget bill
- Update the Board with the Governor's approved State Budget Act "August Revision"

September

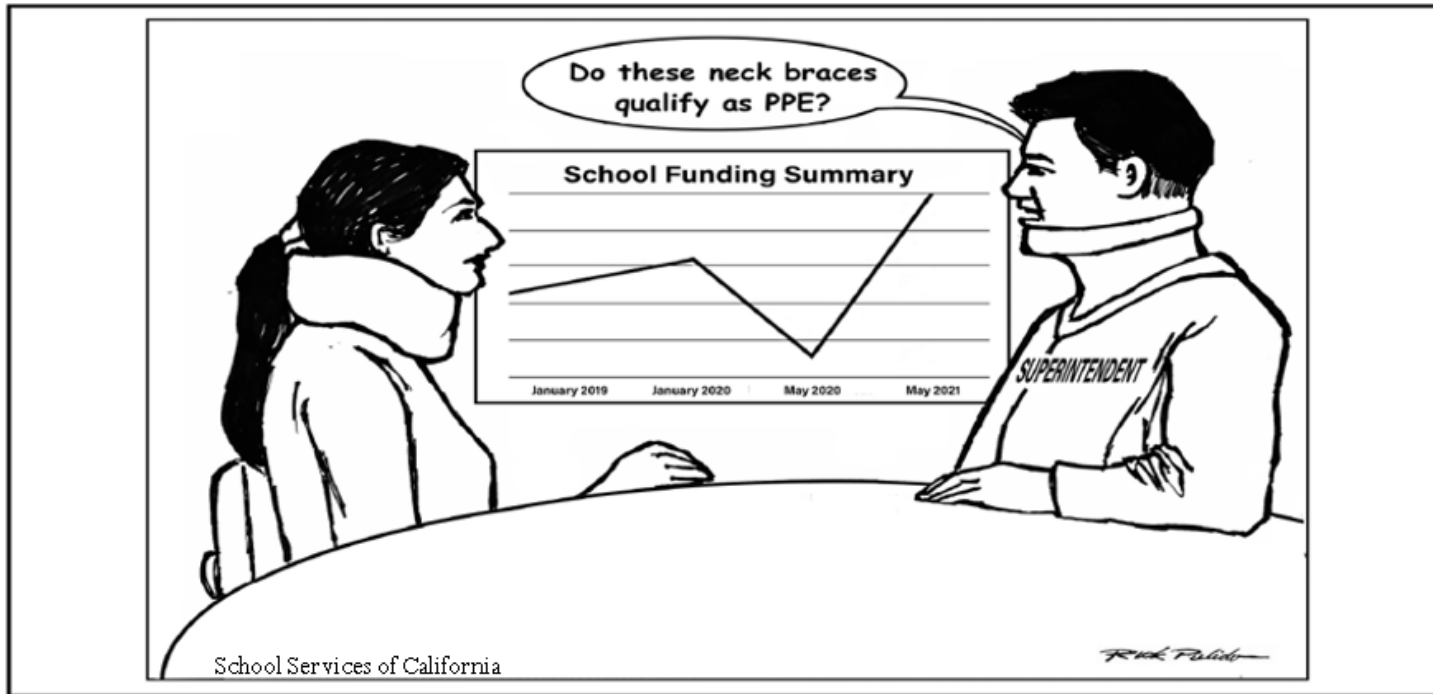
- Submit 2020-21 Unaudited Actuals Report
 - Board approval September 13
 - County Office/State/Other Agencies
- Rollover 2020-21 balance to 2021-22 programs
- Monitor budget updates

Tustin Unified School District

Budget Timeline

"The Twist and Turn" Continues

2021 May Revision Workshop





Tustin Unified School District 2021-22 July 1 Budget Adoption Certification



In certifying the 2021-22 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.