



Santa Ana
Unified School District



2011-12 First Interim

(Financial Information as of October 31, 2011)

December 13, 2011

Thelma Meléndez de Santa Ana, Ph.D., Superintendent

Cathie Olsky, Ed.D., Deputy Superintendent

Michael P. Bishop, Sr. CBO, Deputy Superintendent, Operations

Tony Wold, Ed.D., Executive Director, Business Operations

Swandayani Singgih, Director, Budget

Christeen Betz, Director, Accounting



1. **State Budget Update**
 - 2012-13 Budget Development Assumptions
2. **Approve 2011-12 First Interim Report**
3. **Cash Flow Update**
4. **Next Steps**



- State Budget:
 - Legislative Analyst Office (LAO) projected that the State will not receive \$3.7 billion of the projected additional revenue built into the Enacted State Budget in June 2011.
 - Awaiting Department of Finance (DFO) with its forecasted, revised revenues for 2011-12 as required by Assembly Bill (AB) 114 in mid-December.
 - If revenue came in below projection at levels under \$1 billion, up to \$2 billion, and \$4 billion, several triggers are likely to be pulled.
 - » K-12 education would be impacted in the 2nd and 3rd tiers of the trigger with mid-year reductions to Transportation costs and Tier 3 which would be a reduction of \$260 per ADA.
 - » Depending on the impact of the mid-year cuts, the 2012-13 budget assumptions could change.



- **No Certificated or Classified Layoffs**
 - Impact of Education Code 44956(a)(5) Preferential Substitute Service
 - Increases 2012-13 reduction target by \$2.5 million to a total of \$34.5 million
- **Staffing of 1st and 2nd grade at 30:1**
 - Provides Elementary sites with supplemental funding for research-based support for English learners and at-risk students
- **QEIA waiver denied by State Board of Education**
 - Waivers to be considered at the January 2012 meeting
- **Grades 4 – 8 staffing formula Education Code adjustments**
 - District wide staffing ratio to meet 1964 Education Code 41376
- **Jobs Bill funding that reinstated 5 furlough days for Certificated/Management expires at the end of 2011-12**



- Flat funding from 2011-12 is utilized to temporarily reduce reductions required for 2012-13

DISTRICT ACTION

- District receives “flat funding” and pushes the magnitude of the issue forward to the next year
- Cuts of **\$34.5 million** met by
 - One time use 2011-12 Base Revenue Limit funding (currently reserved) of \$17 million
 - Ongoing utilization of the flat funding utilized in 2012-13 of \$17 million
 - Ongoing Health/Welfare savings (if any)
- 2013-14 cuts of approximately **\$47 million** remain to be identified by December 15, 2012



- Flat Funding remains, but the “trigger” requires reductions to K-12 education
- Assumes deferrals in lieu of cuts

DISTRICT ACTION

- District must make projected cuts (**Plan A**)
- District TRANs may not meet cash flow
 - Cost of larger than expected TRANs
 - Exhausts all district reserve funds
 - Inter-fund borrowing required to manage payroll of approximately \$39 million each month
 - Potential cash crisis if these funds are not returned within 90 days
- **2013-14 required reductions** will be approximately **\$47 - \$50 million** before any State adjustments to the base revenue limit are known









- “Trigger” is met (**Plan B**)
- Governor further cuts K-12 education in the budget year

DISTRICT ACTION

- “flat funding” revenue not received or continued for 2013-14
- **\$34.5 million** in 2012-13 reductions
 - All district reserve funds exhausted
 - **Over \$20 million in reductions would need to be identified rapidly**
- 2013-14 cuts will be about **\$40 - \$50 million** MORE to be identified with no reserves remaining to assist with unknowns






\$ in millions


	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
	New Reductions required for 2012-13		\$30.5
	10-11 Base Revenue Limit (one-time for 2011-12)	\$13.8	\$44.3
	Jobs Bills (one-time for 2011-12)	\$8.3	\$52.6
	Tier III (one-time for 2011-12)	\$5.5	\$58.1
	CSR Penalty Flexibility continues	\$11.0	\$47.1
	One-time Utilization of District Reserve funds (Fund 17) - OPTIONAL	\$13.5	\$33.6
	Enrollment projection (ADA) adjustment	\$1.6	\$32.0
	No certificated/classified layoff for 2012-13	\$2.5	\$34.5



\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
	Reductions required for 2012-13		\$34.5
	11-12 Base Revenue Limit (one-time from 2011-12)	\$17.0	\$17.5
	“Flat Funding” Ongoing Revenue Limit	\$17.0	\$0.5
	Health and Welfare or other identified expenditure savings	\$0.5	\$0

REDUCTIONS REQUIRED FOR 2013-14

	Initial Target		\$30.0
	11-12 Base Revenue Limit (one-time from 2011-12)	\$17.0	\$47.0



2011-12 First Interim Financial Report

- Major Changes to the Budget





- First Interim Report:

Does not include possible mid-year reduction trigger or future State cuts



- The District's 2011-12 Revenue budget is based on:
 - The June 30, 2011 Enacted State Budget information
 - Continue to propose “flat” funding for education
 - Require school districts to budget the same per pupil amount as in 2010-11
 - SAUSD does not include \$330 per pupil reduction in the budget since the Budget Adoption, rather, District includes it in the revenue assumptions and designates it as assigned against future State cuts
 - “Trigger language” that automatically implements reductions to K-14 education if revenue forecasts are not met
 - SAUSD does not include the impact of trigger language in the budget, however, District has contingency plans to address it
 - The Board of Education's priorities
 - Ensure Fiscal Solvency
 - Grade K-3 Class Size Reduction (CSR)
 - Continue to offer grade 1 and 2 CSR for 2011-12 & 2012-13 (using unrestricted & categorical funds)
 - Grade 1 @ approximately 25:1; Grade 2 @ approximately 25:1
 - Preserve Counselor & Library Services
 - Maintain Athletics & Music Programs
 - Safety
 - Minimize the Impact of Cuts to Our Employees
 - Continue to Provide Elementary Sites with Support Staff to Ensure Academic Achievement
 - Maintain 180 day instructional calendar
 - Orange County Department of Education (OCDE) direction.



Santa Ana

Unified School District

2011–12 First Interim MYP (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals
Beginning Fund Balance (a)	\$ 95.3
Add: Adjustment to Beginning Fund Bal (b)	(\$1.0)
Add: Revenues (c)	\$478.9
Less: Expenditures (incl Budget Reductions) (d)	\$486.5
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)
Ending Fund Balance (a) + (e)	\$ 86.7
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Bal.	\$9.0
<u>Committed:</u> Stabilization Arrangements	\$24.4
<u>Assigned:</u>	
- Future State cuts/COLA	----
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, etc.)	\$7.4
- Desig. for Board approved one-time cuts for 2011-12	\$21.5
- Desig. for One-time Cuts/Budget shifts	\$13.5
<u>Unassigned/Unappropriated:</u>	
- Desig. for Economic Uncertainties (f)	\$9.7
(f) / (d)	2.0%
Additional Budget Cuts	----



Santa Ana

Unified School District

2011–12 First Interim MYP (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals	2011-12
Beginning Fund Balance (a)	\$ 95.3	\$ 86.7
Add: Adjustment to Beginning Fund Bal (b)	(\$1.0)	\$ 0.3
Add: Revenues (c)	\$478.9	\$485.0
Less: Expenditures (incl Budget Reductions) (d)	\$486.5	\$515.9
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)	(\$30.9)
Ending Fund Balance (a) + (e)	\$ 86.7	\$ 56.1
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Bal.	\$9.0	\$2.4
<u>Committed:</u> Stabilization Arrangements	\$24.4	\$19.5
<u>Assigned:</u>		
- Future State cuts/COLA	----	\$17.2
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, etc.)	\$7.4	\$5.5
- Desig. for Board approved one-time cuts for 2011-12	\$21.5	
- Desig. for One-time Cuts/Budget shifts	\$13.5	----
<u>Unassigned/Unappropriated:</u>		
- Desig. for Economic Uncertainties (f)	\$9.7	\$10.3
(f) / (d)	2.0%	2.0%
Additional Budget Cuts	----	----



Santa Ana

Unified School District

2011–12 First Interim MYP (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals	2011-12	2012-13
Beginning Fund Balance (a)	\$ 95.3	\$ 86.7	\$ 56.1
Add: Adjustment to Beginning Fund Bal (b)	(\$1.0)	\$ 0.3	----
Add: Revenues (c)	\$478.9	\$485.0	\$450.1
Less: Expenditures (incl Budget Reductions) (d)	\$486.5	\$515.9	\$460.1
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)	(\$30.9)	(\$10.0)
Ending Fund Balance (a) + (e)	\$ 86.7	\$ 56.1	\$ 46.1
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2	\$1.2	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Bal.	\$9.0	\$2.4	\$4.8
<u>Committed:</u> Stabilization Arrangements	\$24.4	\$19.5	----
<u>Assigned:</u>			
- Future State cuts/COLA	----	\$17.2	\$24.4
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, etc.)	\$7.4	\$5.5	\$6.5
- Desig. for Board approved one-time cuts for 2011-12	\$21.5		
- Desig. for One-time Cuts/Budget shifts	\$13.5	----	----
<u>Unassigned/Unappropriated:</u>			
- Desig. for Economic Uncertainties (f)	\$9.7	\$10.3	\$9.2
(f) / (d)	2.0%	2.0%	2.0%
Additional Budget Cuts	----	----	----



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Unified School District

2011–12 First Interim MYP (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals	2011-12	2012-13	2013-14
Beginning Fund Balance (a)	\$ 95.3	\$ 86.7	\$ 56.1	\$ 46.1
Add: Adjustment to Beginning Fund Bal (b)	(\$1.0)	\$ 0.3	----	----
Add: Revenues (c)	\$478.9	\$485.0	\$450.1	\$433.2
Less: Expenditures (incl Budget Reductions) (d)	\$486.5	\$515.9	\$460.1	\$432.0
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)	(\$30.9)	(\$10.0)	\$1.2
Ending Fund Balance (a) + (e)	\$ 86.7	\$ 56.1	\$ 46.1	\$ 47.3
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2	\$1.2	\$1.2	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Bal.	\$9.0	\$2.4	\$4.8	\$8.7
<u>Committed:</u> Stabilization Arrangements	\$24.4	\$19.5	----	----
<u>Assigned:</u>				
- Future State cuts/COLA	----	\$17.2	\$24.4	\$21.3
- Desig. for Unrestricted Reserve (Instr. Mat'l, CalSafe, Community Day, CAHSEE, etc.)	\$7.4	\$5.5	\$6.5	\$7.5
- Desig. for Board approved one-time cuts for 2011-12	\$21.5			
- Desig. for One-time Cuts/Budget shifts	\$13.5	----	----	----
<u>Unassigned/Unappropriated:</u>				
- Desig. for Economic Uncertainties (f)	\$9.7	\$10.3	\$9.2	\$8.6
(f) / (d)	2.0%	2.0%	2.0%	2.0%
Additional Budget Cuts	----	----	----	----



<u>(\$s in millions)</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Reserves <u>with</u> Cuts			
Designation for Economic Uncertainties	\$10.3	\$9.2	\$8.6
Designation for Economic Uncertainties %	2.0%	2.0%	2.0%
Reserves <u>without</u> any Cuts			
Designation for Economic Uncertainties	\$10.3	(\$27.1)	(\$94.4)
Designation for Economic Uncertainties %	2.0%	(8.7%)	(29.1%)

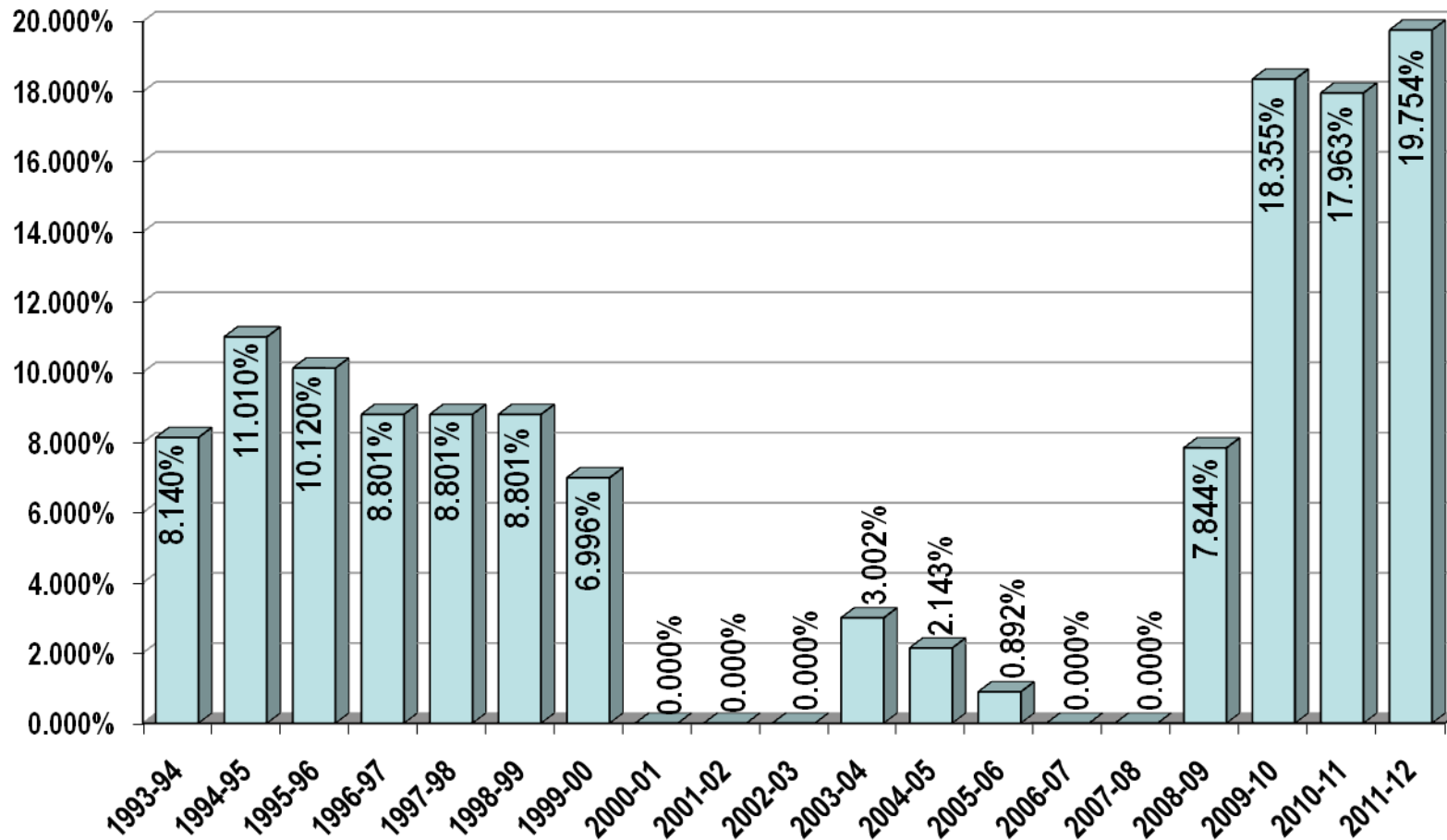


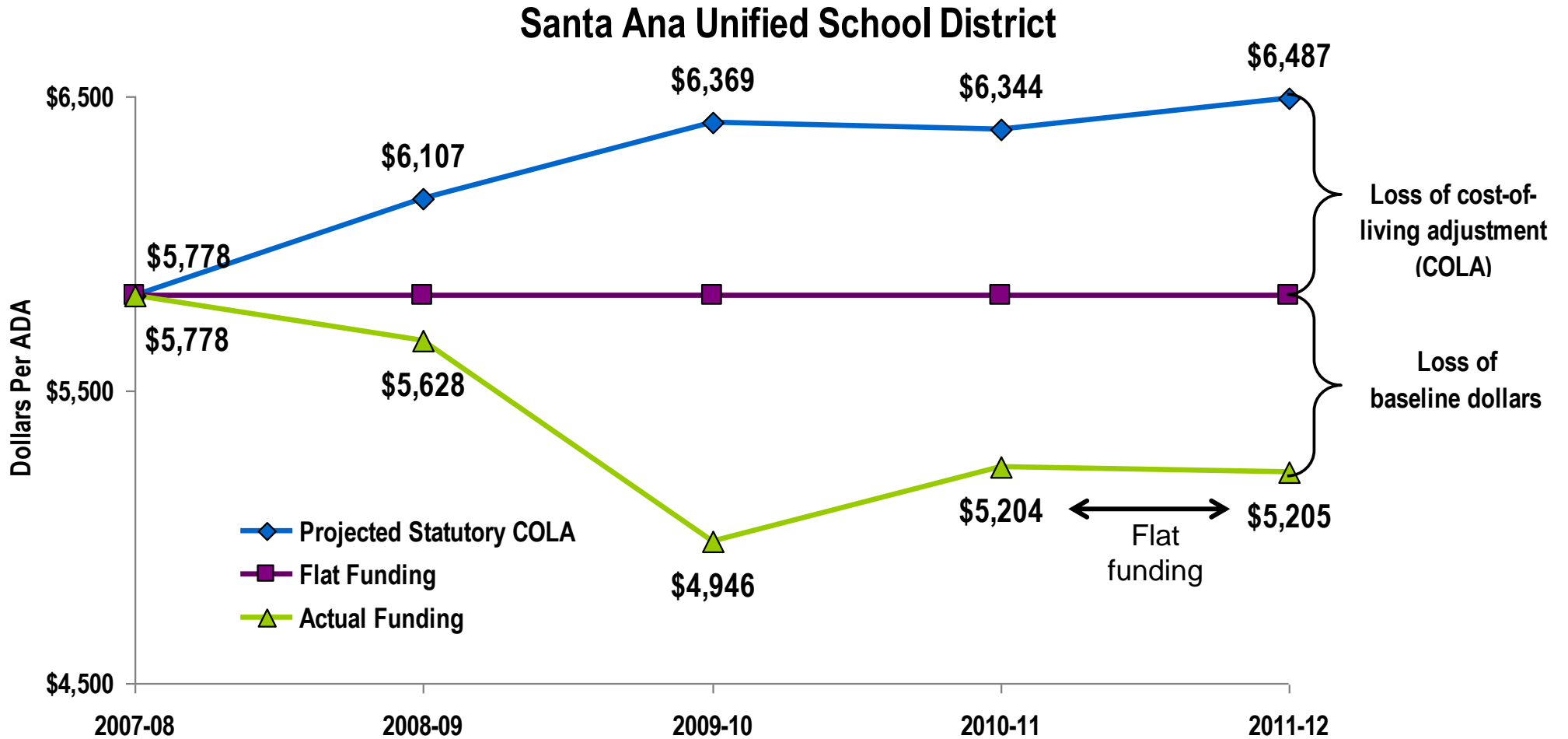
- Continues to budget Base Revenue Limit at a “flat” funding
- Federal & State Categorical Programs
 - Re-budgeting of carryover dollars and new award dollars
- COLA & Deficit Reduction



	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
COLA	2.24%	3.10%	2.80%
Deficit Reduction	<19.754%>	<19.754%>	<19.754%>

- 2011-12 COLA. The deficit factor is up from 19.608% in January, thus wiping out the statutory COLA of 2.24% resulting in flat funding.
- 2012-13 & 2013-14 COLA. Funding of COLA for the out years is suspect. Given guidance from OCDE, funds are reflected in Revenue assumptions but designated as assigned against future State cuts in the GASB 54 reporting.
- Special Education Contribution: **\$1.8 million** reduction in 2011-12 budgeted expenditures
- Home to School / Special Education Transportation
 - If “trigger language” is implemented, SAUSD will potentially lose approximately \$1M. This will increase a contribution from unrestricted general fund to \$9.3M. Projected revenue to be received prior to potential mid-year cut is \$1.9M.







- Enrollment
 - A decline of **<257>** students is projected for 2011-12 and **<550>** for 2012-13 through 2013-14
 - No financial impact due to this decline in 2011-12 as State legislation provides financial protection to declining enrollment districts (i.e. Revenue Limit for the year determined on higher of current or prior year's ADA)
 - Financial impact in 2011-12 **<\$1.3 million>^**

* Includes one-time loss of 343 SAUSD resident students to OCEAA Charter School

^To be revised at 2nd interim and when official CBEDS data, P1 attendance, and revised enrollment projections are available

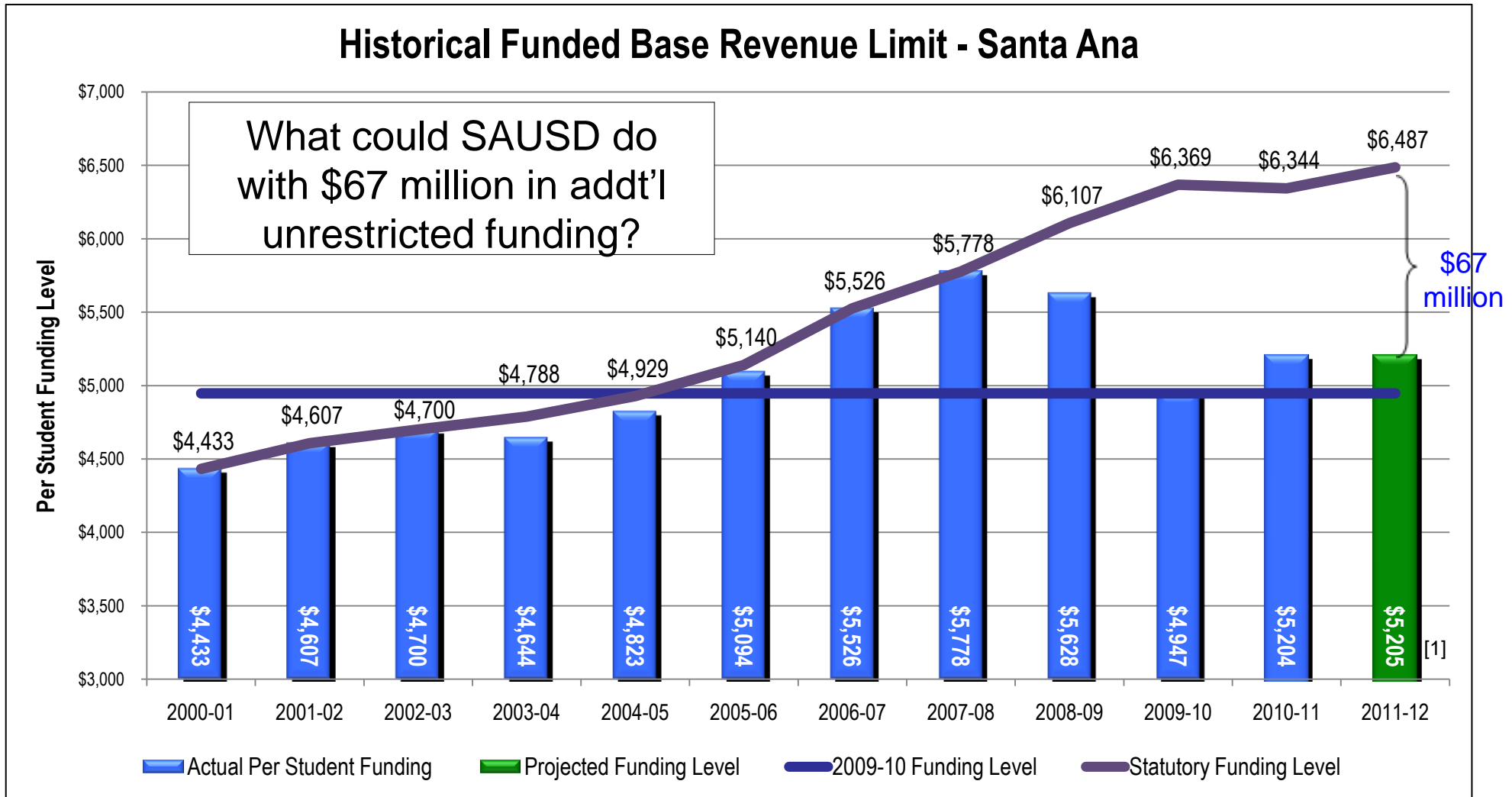
Fiscal Year	Enrollment	CBEDS Change (from Prior Year)
2002-03	60,973	+185
2003-04	59,895	(1,078)
2004-05	58,884	(1,011)
2005-06	56,563	(2,321) *
2006-07	54,839	(1,724)
2007-08	54,369	(470)
2008-09	54,584	+215
2009-10	54,084	(500)
2010-11	53,754	(330)
2011-12 Projected^	53,497	(257)
2012-13 Projected^	52,947	(550)
2013-14 Projected^	52,397	(550)



Santa Ana

Unified School District

Historical Funded Base Revenue Limit - Santa Ana



Slide provided courtesy of OCDE

[1] Updated by SAUSD



Santa Ana General Fund Revenue Distribution

Unified School District (Combined Restricted/Unrestricted)

(\$s in millions)	2011-12 Adoption	2011-12 Budget As of Oct 31, 2011	Difference
Revenue Limit	\$278.3	\$278.3	\$0.0
Federal Revenue	\$64.8	\$85.7	\$20.9
Other State Revenue	\$107.0	\$112.0	\$5.0
Other Local Revenue	\$7.7	\$9.0	\$1.3
Total	\$457.8	\$485.0	\$27.2

The revenue increase is attributable to (2) Re-budgeting of Federal and State Categorical carryovers and (2) Local revenues/donations that are not budgeted until actually received.



(\$s in millions)	2011-12 Adoption	2011-12 Budget As of Oct 31, 2011	Difference
Certificated Salary (incl. Mgt)	\$239.1	\$250.3	\$11.2
Classified Salary (incl. Mgt)	\$64.6	\$65.4	\$0.8
Employee Benefits	\$104.2	\$105.8	\$1.6
Non-Salary Expenses	\$78.6	\$94.3	\$15.7
Total	\$486.5	\$515.8	\$29.3

The expenditure increase is primarily attributable to (1) Increase in Certificated/Classified Salaries for PLAS and enrollment staffing costs adjustment, (2) Increase in corresponding statutory benefit costs, (3) Increase in Books and Supplies, (4) Increase in Services and Other Operating Expenditures, and (5) Increase in Capital Outlay.



**Projected Ending Balances
(All Other Funds)**

Fund (all \$s in 000's)	2011-12 Adopted Budget	2011-12 First Interim	Difference
Fund 11 - Adult Education	\$0	\$0	\$0
Fund 12 – Child Development	\$89	\$89	\$0
Fund 13 – Cafeteria	\$15,945	\$15,593	<\$352>
Fund 14 – Deferred Maintenance	\$108	\$0	<\$108>
Fund 17 – Special Reserve	\$13,576	\$13,576	\$0
Fund 21 – Building	\$0	\$982	\$982
Fund 25 – Capital Facilities	\$1,391	\$1,302	<\$89>
Fund 35 – School Facilities	\$34	\$0	<\$34>
Fund 40 – Special Reserve/Capital Outlay	\$42	\$137	\$95
Fund 49 – Capital Projects (COP)	\$64	\$155	\$91
Fund 51 – Bond Interest & Redemption	\$12,338	\$13,779	\$1,441
Fund 56 – Debt Service	\$6,677	\$7,208	\$531
Fund 67 – Self-Insurance Fund	\$3,811	\$2,344	<\$1,467>



- State deferrals have disproportionate impact on low wealth school districts that rely more upon State Aid
- High wealth districts have the ability to manage deferrals more effectively than low wealth districts and the State should consider proportionately adjusting deferrals based upon this factor



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA, respectively)
Jan 24 Feb 14 & 28	Budget Update
Jan / Feb ?	Special Board Meeting on Proposed Budget Reductions
Mar 13	Presentation of Second Interim Report Approval of 2012-13 Budget Reductions Reach Decision on CSR for 2012-13 & future years

