



**Santa Ana**  
Unified School District



# 2009-10 Budget Update

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1. State Budget Update
  - a. SAUSD Budget Reductions
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## State Budget Update

- Positive signs of economic recovery:
  - Stock market up 60% from March 2009 lows
  - Home prices stabilizing
  - General Fund (GF) revenues higher than expected for the past 2 months.



- However, there are continuing concerns:
  - Unemployment rates remain high (10% for the nation; 12% for Calif.)
  - A significant portion of the recent economic growth may be attributable to one-time federal spending to:
    - Prop up the financial and other troubled sectors
    - ARRA expenditures
  - A double dip recession may occur if corporate earnings & U.S. GDP falters
  - 2 months of favorable GF revenues does not make a year
    - Note: April will be a key month!
- School Services of California (SSC) advice:

***“To assume that the cuts the Governor proposed in January will be withdrawn based on the revenue performance of two months is more than unwise; it is folly.”***



Inadequate State funding of our schools has resulted in Educational program reductions. The latest projected budget reductions for 2010-11 & 2011-12 are **-\$34.0 million** & **-\$26.0 million** respectively.



- 2004-05, **<\$29 million>**
- 2005-06, **<\$14 million>**
- 2006-07, **<\$15 million>**
- 2007-08, **<\$21 million>**
- 2008-09, **<\$41.6 million>**
  
- 2009-10, **<\$11.6 million>**
- 2010-11, **<\$34.0 million>** (of this amount, \$31 million has been identified/approved)
- 2011-12, **<\$26.0 million>**

**Total Budget Cuts (2004-05 thru 2011-12): <\$192.2 million>**



<b>Program / Funding Shift</b>	<b>Type of Reduction</b>	<b>One-Time Cuts *</b>	<b>On-going Cuts</b>
Use ARRA Stabilization this year & push cuts to next year	Funding Shift	<b>\$10.9</b>	---
Fund 40 Portable Lease Costs	Funding Shift	---	<b>\$0.7</b>
QEIA Portable Lease Costs	Funding Shift	<b>\$0.8</b>	<b>\$0.8</b>
Title/Funding Change for Secondary AP (site EIA)	Funding Shift	<b>\$0.4</b>	<b>\$1.8</b>
Intermediate Counselor Funding with site EIA	Funding Shift	<b>\$0.9</b>	<b>\$0.9</b>
Teaching Staff budgeted & not hired due to enrollment drop	Cut/Savings		<b>\$3.0</b>
Special Education Contribution Reduction (for 2009-10)	Cut/Savings	<b>\$1.6</b>	---
Utility Savings	Cut/Savings	<b>\$0.1</b>	<b>\$0.2</b>
Portable Buildings Rental Reduction	Cut/Savings	---	<b>\$0.2</b>
District Office Reorganization	Cut/Savings	<b>\$0.1</b>	<b>\$0.3</b>
Negotiated Health & Welfare Savings	Cut/Savings	<b>\$2.0</b>	<b>\$2.0</b>

\* Note: Cuts will be made now in the current fiscal year, 2009-10



<b>Program / Funding Shift</b>	<b>Type of Reduction</b>	<b>One-Time Cuts *</b>	<b>On-going Cuts</b>
Routine Restricted Maintenance RRMA Sweep	Sweep	<b>\$1.5</b>	<b>\$0.8</b>
Deferred Maintenance Sweep	Sweep	<b>\$0.6</b>	<b>\$0.3</b>
Routine Restricted Maintenance Sweep (implement now, 2009-10)	Sweep	<b>\$0.8</b>	---
Deferred Maintenance Sweep (implement now, 2009-10)	Sweep	<b>\$0.3</b>	---
<b>Total</b>		<b>\$20.0</b>	<b>\$11.0</b>

**Grand Total of Identified Reductions (One-time & On-going) = \$31.0 million**

**Add'l Reductions that Must be Identified by June 30, 2010 =**

**\$3.0 million**

\* Note: Cuts will be made now in the current fiscal year, 2009-10



## Cash Flow



- Continuing Deferrals
  - For 2010-11, there are \$101 million in continuing deferrals.





- **New deferrals** authorized by Legislature on Feb. 25th
  - Defers K-12 apportionments for July 2010, Oct. 2010 & March 2011 up to a maximum of \$2.5 billion at any given point in time
  - Defers apportionments for no more than 60, 90 and 60 days respectively

Cash Deferral	From / To	SAUSD \$ Amount of Deferral
Revenue Limit Deferral **New**	From July 2010 to Sept. 2010	* \$23 million
Revenue Limit Deferral **New**	From Oct. 2010 to Dec. 2010	* \$23 million
Revenue Limit Deferral **New**	From March 2011 to April 2011	* \$23 million
Sub-total (new deferrals)		<b>\$69 million</b>

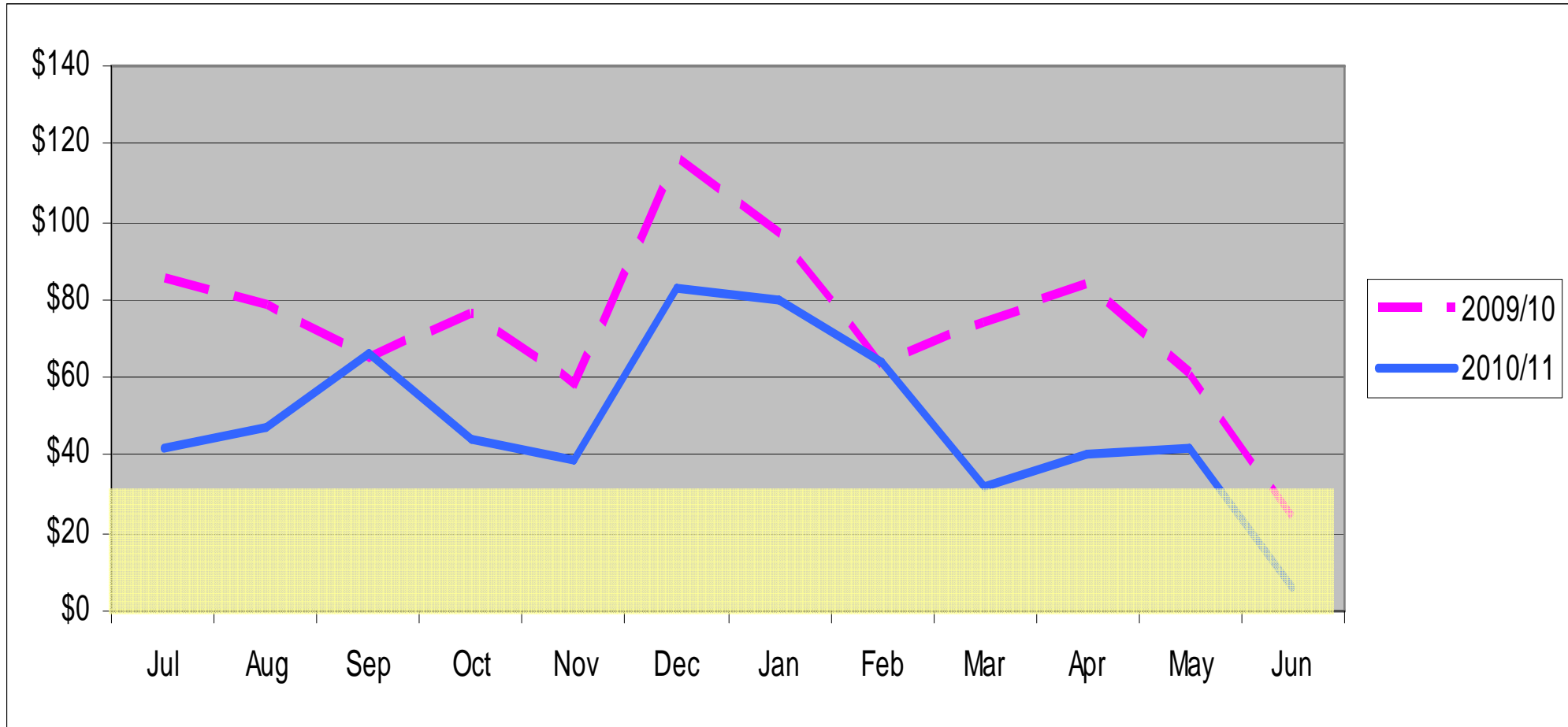
- Continuing deferrals + New deferrals = **\$170 million!**
- Potential interest income loss = \$495K!

\* Assumes maximum deferral allowable by State.



# Santa Ana Unified School District

## Projected SAUSD Cash Flow (as of February 28, 2010)

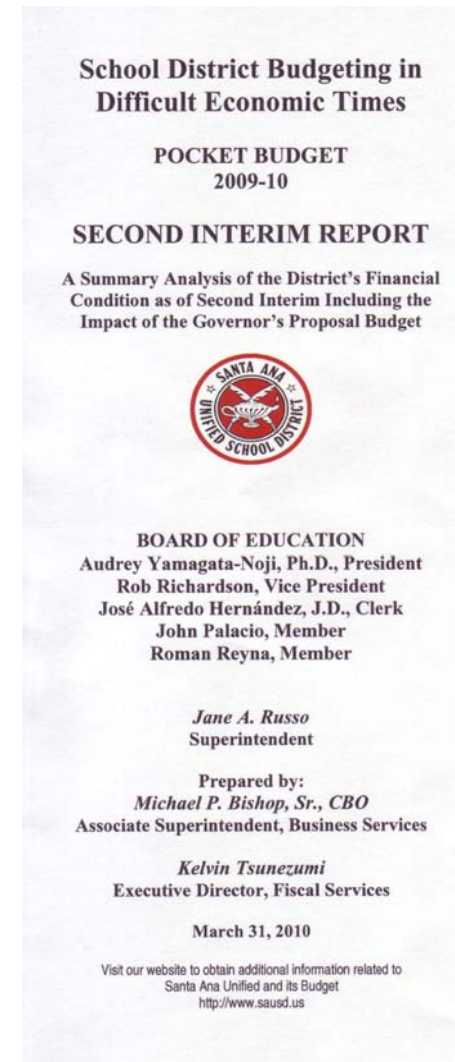


Cash balance as of February 2010 projected at: +\$24 million for June 2010 and +\$6 million for June 2011.



## Pocket Budget Brochure (Second Interim)

- Purpose: To enhance communication with our parents, community and staff with respect to district finances
- Brochures will be distributed in both English & Spanish
- We intend to issue a Pocket Budget brochure every July after the Board has adopted the District's budget.





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# Next Budget Steps



- **Third Interim Report**
  - Financials as of April 30<sup>th</sup>
  - Needs to be Board approved by June 1<sup>st</sup>
- **May Revise**
  - Issued by Governor in early May
  - Provides key assumptions for 2010-11 budget development
- **2010-11 Budget Cuts**
  - \$34 million in budget cuts are needed for 2010-11
  - District has identified and Board have approved \$31 million in cuts
  - \$3 million in additional cuts need to be identified by June 30<sup>th</sup>
- **2010-11 Adopted Budget**
  - Incorporate May Revise and OCDE assumptions
  - District staff has already begun budget development.