



Santa Ana
Unified School District



2009-10 Budget Update

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1. Budget Update

- Governor's Budget Proposal
- Enrollment Projection
- Second Interim Report
- District Legislative Focus

2. Cash Flow & TRANS



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Governor's Proposal – Budget Update





- No new details have been released
- Orange County Department of Education (OCDE) recommends caution and conservatism in budgeting

“..... the Governor's Proposed Budget is the best case scenario and future changes could produce further reductions to Education.”



<u>(\$s in millions)</u>	<u>2011-12</u>
GROUP A - Likely to Occur	
Reduced Revenue due to Negative COLA (-0.38%)	
Revenue Limit	(\$1.2)
Special Ed, Tier III Programs, & Reduced K-3 CSR Funding	(\$0.3)
District Administrative Cost Reductions	(\$8.3)
Elimination of Barriers to Contracting Out Reductions	(\$2.1)
GROUP B - May not Occur	
Possible 2 nd allocation of ARRA- Stabilization (10% of prior allocation)	+\$1.9 *
Behavioral Intervention Mandate	+\$0.6 **
Elimination of Preferential Treatment of Substitutes	+\$4.7 **
Net Impact (Best Case Scenario?) Group A + B	(\$4.7)
Net Impact (Possible Case Scenario, i.e. receive all the cuts but none of the revenue or savings) Group A Only	(\$11.9)



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Enrollment Update



Enrollment

- 2009-10: A decline of <500> students was factored at 1st Interim
 - No financial impact due to this decline in 2009-10 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)
 - (-\$3 million) impact 2010-11
- **2010-11 & 2011-12: Enrollment now projected to decline by <767> students each year.**

Fiscal Year	Enrollment	CBEDS Change (from Prior Year)
2001-02	60,788	+951
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
<i>2009-10 CBEDS</i>	<i>54,084</i>	<i>(500)</i>
2010-11 Projected	53,317	(767)
2011-12 Projected	52,550	(767)

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



	2009 CBEDS (Oct. 7, 2009)	Projected 2010-11	# Change
Elementary	26,352	26,019	(333)
Intermediate	11,984	11,684	(300)
High School	15,748	15,614	(134)
District Total	54,084	53,317	(767)

- District enrollment projection committee worked on projections with representatives from:
 - Facilities
 - Business Services
 - Human Resources
 - Principal input
 - Educational Services (Program Quality Analysis)
- Projections were created through triangulated data analysis utilizing:
 - Demographics consultant
 - Internal cohort analysis
 - 5-year trend analysis reports for each site



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Second Interim Report



- Second Interim Reports are financial projections based on:
 - Actuals as of January 31st
 - Incorporates Governor's Proposal assumptions *
 - Updated enrollment projections (for 2009-10 through 2011-12)
 - Any new revenue and cost trends
- Budget reductions
 - At Second Interim based on above factors, budget reduction targets for 2010-11 & 2011-12 will be updated
 - OCDE requests Board action to certify commitment to these reductions
 - Specifics related to additional reductions for 2010-11 (above & beyond the \$31 million already authorized) needs to be identified by June 1st
 - Note: At 2010-11 Budget Adoption (i.e. late June), reduction targets will be updated for 2011-12 and reduction amount for 2011-12 determined

* Incorporate those proposals recommended by OCDE.



- Second Interim Reports must be submitted to OCDE by March 15th
 - Board action will be taken at our March 9th Board Meeting
- If the Second Interim Report is submitted with a “qualified” certification, a Third Interim Report (financials as of April 30th) is required.



- The State's education funding model needs to be revamped
- District to promote for reform at all levels
- Define baseline programs:
 - Expand categorical program flexibility to all categorical programs
 - Provide districts the same flexibility afforded charter schools
 - One common set of rules/guidelines for all educational entities
 - vs. one unique to districts and another for charter schools
 - Performance based measurement vs. compliance monitoring
 - Elimination of mandate compliance/process
 - Roll "revenue" for mandates directly into district revenue limits.



Cash Flow & TRANS



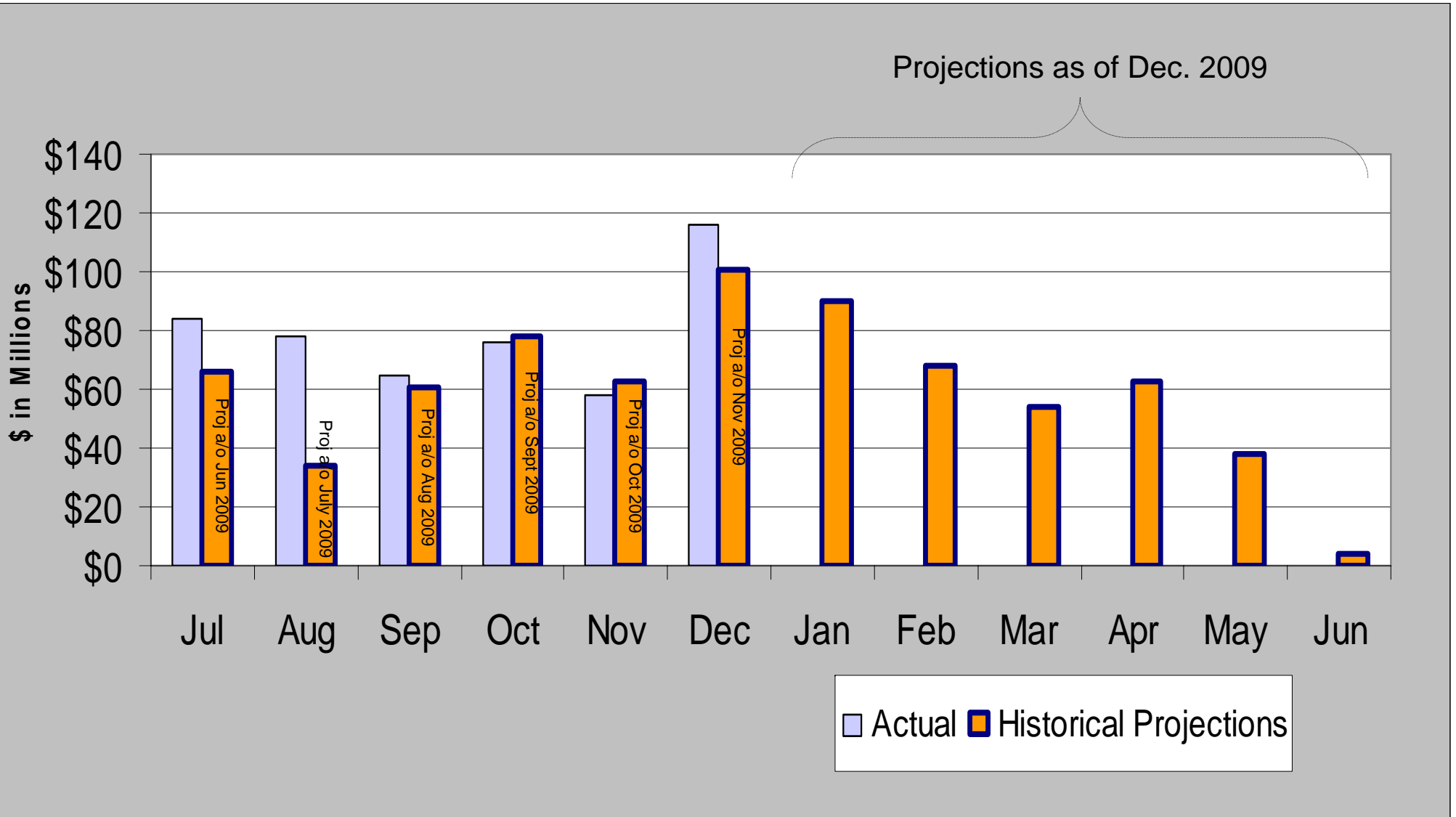
The State will pay the District, not on Tuesday but several months later, for money they owe us!

They will pay us late even though we have obligations such as payroll, vendor invoices that must be paid on a timely basis.



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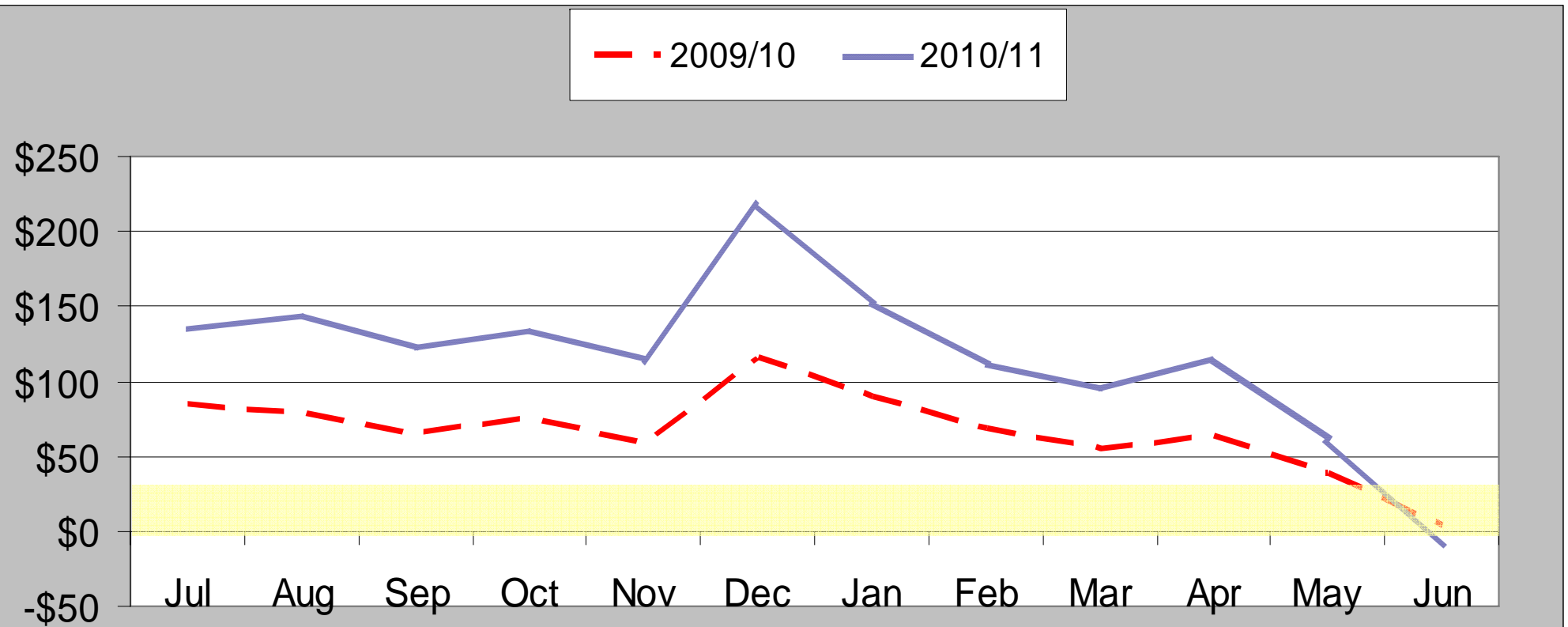
2009-10 Cash Flow Variance As of December 31st 2009





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Projected SAUSD Cash Flow (as of December 31, 2009)



Cash balance of \$4 million in June 09/10 and a shortfall of **\$13.8 million** in June 10/11



- Given our most recent cash flow projections, the maximum TRANs amount that we could borrow is \$9 million
- While we theoretically may not need to borrow, we need to consider:
 - These are projections and are thus subject to change
 - The State economy & budget remains unstable
 - Additional State cash deferrals cannot be totally ruled out
 - Peace of mind knowing that we have funds available just in case
- Estimated cost of TRANs borrowing: **\$59.7K**

	Amount	Committed Costs
Cost of Issuance (including Legal Fees)	(\$50.0K)	(\$26.1K)
Interest Expense	(\$67.0K)	---
Interest Earnings (from Re-investments)	\$57.3K	---
Total	(\$59.7K)	(\$26.1K)