



Santa Ana
Unified School District

2010-11 Budget Update

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- State Budget Update
- Impact to School Districts
- Adopted State Budget & Budget Reductions
- Next Steps



- State Budget approved 100 days after the start of the new fiscal year
- Key points
 - No new taxes
 - \$7.5 billion in state spending cuts
 - One-year suspension of Prop 98
 - State receipt of \$5 billion in federal funding (up from \$3.4 billion)
 - State revenue increase of \$1.4 billion from original projections
 - 2-year delay in corporate tax breaks
 - Inclusion of a ballot measure to establish a “rainy day” fund
 - Sale of 11 state buildings (netting \$1 billion)
 - Internal borrowing from other state funds
 - Pension reform





- **The State Budget & Impact to School Districts**
 - As previously noted, proposes one-year suspension of Prop 98
 - Eliminates negative 0.39% COLA
 - Eliminates on-going revenue limit reduction of -3.85%
 - For unified districts on average, elimination of the above translates to \$271/ADA or for SAUSD \$13.8 million
 - Adds \$300 million statewide for mandate reimbursement claims





- **Federal Funding**

- Jobs Bill

- Award amount for SAUSD: \$10.3 million
 - SAUSD has received \$9.2 million of the award amount

- ARRA Stabilization

- State to distribute remaining 10% of ARRA Stabilization funds held
 - Further details will be forthcoming
 - Projected award amount: \$2 million (?)





	at May Revise	at State Adopted Budget	\$ Impact due to Change (\$s in millions) *
Revenue Limit Reduction	On-going Revenue Limit Reduction of -3.85%	Eliminates Revenue Limit Reduction	+\$13.8 million
2010-11 COLA	Negative 0.39% COLA	Eliminates negative COLA	
Mandate Claims Funding	No funding for prior year mandates	\$300 million set aside for prior year mandate claims	No impact; Mandate claims revenue budgeted only when received
County Mental Health Mandate	Suspends existing AB3632 special ed county mental health mandate	No suspension of mandate but not funded	Impact currently unknown
Additional ARRA Stabilization Allocation	No additional allocations	State to distribute its remaining 10% of ARRA Stabilization funds	Assume no impact until an award letter is received

* Dollar amounts are approximate and subject to change



- While the budgetary news is welcome, there are significant concerns
- As in the past, the state budget appears based on optimistic assumptions (additional federal assistance, sale of state assets, borrowings, etc.)
- Experts speculate that this is a “get out of town budget”
- The real budget will be developed by the new Governor, when he/she takes office and at that time, there may be significant cuts to Education





- School Services (SSC) is equally concerned and advises districts to:

“Open the planning books but close the checkbook.”

- In other words,
 - Include the additional revenues for budget purposes
 -but don't spend any of the dollars
 - Instead wait until the January 2011 Governor's Proposal or better yet, the May Revise (2011) before spending any of these dollars





- Regardless of our concerns, we need to adhere to the specifications as outlined in the State Adopted Budget
- Utilizing the State Adopted Budget assumptions, preliminarily projected budget reductions will be adjusted as follows:

(\$s in millions)	2011-12	2012-13
Budget Cuts (May Revise assumptions)	<\$31.5>	<\$30.5>
Budget Cuts (State Adopted Budget assumptions)	<\$18.0>	<\$24.0>

- Once we receive Orange County Department of Education guidance the budget reduction targets will be formalized





Santa Ana

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2010-11 MYP (Utilizing Preliminary State Adopted Budget Information)

<u>(\$s in millions)</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Beginning Fund Balance	\$93.2	\$95.3	\$73.8	\$55.2
Adjustment to Beginning Fund Balance	(\$11.4)	---	---	---
Revenues	\$475.0	\$461.6	\$446.8	\$438.8
Expenditures (including Budget Reductions)	\$461.5	\$483.1	\$465.4	\$450.4
Net Increase/(Decrease)	\$13.5	(\$21.5)	(\$18.6)	(\$11.6)
Proj. Ending Fund Balance	\$95.3	\$73.8	\$55.2	\$43.6
Less: Other Designations (incl. Rev. Cash, etc.)	(\$3.1)	(\$3.0)	(\$3.0)	(\$3.0)
Unrestricted Reserves (incl. Instr. Materials, etc.)	(\$10.1)	(\$12.1)	(\$14.1)	(\$16.1)
One-time cuts/Budget shifts & TRANS	(\$32.0)	---	---	---
Restricted Reserves	(\$15.0)	(\$9.3)	(\$8.3)	(\$8.0)
Desig. for Economic Uncertainties	\$35.1	\$49.4	\$29.8	\$16.5
Desig. for Economic Uncertainties %	7.6%	10.2%	6.4%	3.7%
Add'l Budget Cuts Needed (Preliminary)	---	---	(\$18.0)	¹⁰ (\$24.0)



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Oct. 26	Budget Update
Nov. 9	Presentation of Proposed 2011-12 Budget Reductions & (if applicable) 45 Day Budget Revision
Nov. ?	Special Board Meeting on Proposed Budget Reductions
Nov. 23	Budget Update & Proposed Budget Reductions
Dec. ?	Special Board Meeting on Proposed Budget Reductions
Dec. 14	Presentation of First interim Report, Approval of 2011-12 Budget Reductions & Reach Decision on CSR for 2011-12 & future years

