



Santa Ana
Unified School District

Budget Update

March 24, 2009

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- **Adopted a 2nd Interim (self) Qualified Budget due to economic uncertainty**
 - **Requires a 3rd Interim report in May**
- **Public Hearing on the utilization of Tier III Categorical Flexibility**
- **Received information regarding the State's structural budget imbalance**



■ **General Fund (Unrestricted & Restricted)**

- **Total Revenue: \$489 million**

Unrestricted \$292 million / Restricted \$197 million



- **Total Expenditures: <\$509 million>**

- **Excess/Shortfall: <\$20 million>***

<\$16 million> Expenditures over Revenue and <\$4 million> in Interfund Transfers

- **Ending Fund Balance: \$32 million / 6.4% Reserve**



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2008–09 MYP
(as of Jan. 31, 2009)

<u>(\$s in 000's)</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Revenues*	\$489,194	\$480,536	\$484,283
Expenditures*	\$509,559	\$487,170	\$481,966
Net Increase - Decrease	(\$20,365)	(\$6,634) ^	\$2,317 ^
Unrestricted	\$4,978	(\$6,038)	\$1,950
Restricted	(\$25,343)***	(\$596)	\$367
Required Reserve	2.0% **	2.0% **	2.0% **
Reserve for Economic Uncertainties	4.4%	3.4%	3.9%

^ Does not include anticipated negotiations savings

* Includes Other Sources & Uses.

** COLA Salary increases for these years (with the exception of CSEA for 2008-09) have not yet been negotiated and are thus not included. However, all revenues associated with COLAs for these years are included as is the cost of step, column & longevity are budgeted.

*** Deficit is due primarily to spending down of Federal categorical carryovers from prior years..



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Economic Uncertainties & June (May) Revision





Risks	\$ Amount
Lottery Securitization fails	\$5 billion
State unable to borrow funds	\$6.4 billion
Further decline in State economy	?
Total additional deficit (excluding decline in State economy)	\$11.4 billion
Assume 50% of deficit funded through addt'l cuts to Education	\$5.7 billion
\$1 Billion in State cuts = \$9 million in addt'l SAUSD cuts	\$51.3 million

- Addt'l cuts of **\$51.3 million** may result if (1) the Lottery Securitization fails and (2) the State is unable to borrow funds
- Cuts may be even larger if there is a further decline in the State economy!
- Caution: These numbers were shown solely for What-If discussion purposes.



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The State Budget Crisis Update

Legislative Analyst
Report

(March 13, 2009)

reported that the State's just
adopted 08-09 Budget
Revenue Shortfall may be
an additional

\$8+ billion!

(\$4 billion to Education)





The State Budget's additional Revenue loss Impact to SAUSD

could be an additional reduction
of revenue from the State of

\$36M to \$63M



Risks	\$ Amount
Lottery Securitization fails	\$5 billion
State unable to borrow funds	\$6.4 billion
Further decline in State economy [LAO estimate 3/13/2009]	<u>\$8.0 billion</u>
Total additional deficit (excluding decline in State economy)	\$19.4 billion
Assume 50% of deficit funded through addt'l cuts to Education	\$9.7 billion
\$1 Billion in State cuts = \$9 million in addt'l SAUSD cuts	\$87.3 million

- Addt'l cuts of **\$87.3 million** may result if (1) the Lottery Securitization fails (2) the State is unable to borrow funds and (3) there is a further decline in the State economy!
- Caution: These numbers are shown solely for What-If discussion purposes.



The potential additional reduction of State revenues of **\$36 - \$63 million** could mean:

- Additional reduction of Educational Programs
- A loss of **20 – 30 school days** based upon an average operations cost of \$2 million per day
- **Elimination** of all District reserves
- A **negative** ending balance in 2009 - 10



Budget Development Next Steps





- Board Study Session regarding budget
 - Plan for addressing June revise shortfall
 - Tier III Categorical Flexibility Plan
- Staffing allocations for 2009-10 and statutory notification requirements



- Prior to May 15, 2009
- 3rd Interim Report adopted in May
- Adoption of 2009-10 Budget and identification of additional budget reductions (if required) prior to June 30, 2009