

# Orange Unified School District Budget Update July 28, 2011



# Presentation Overview

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# 2011-12 State Adopted Budget

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- ◆ **Budget Act: Need to fill a \$9.6 Billion hole**
  - **\$5.1 Billion: Re-designate a portion of the sales tax increment as local revenue**
  - **\$4 Billion: General fund revenues above May Revision forecast**
  - **Other cuts**
  
- ◆ **Revenue Shortfall will “Trigger” specific actions in January 2012**
  - **i.e. Mid-year budget cuts**

# Trigger Reductions

- ❏ **By December 15, 2011, the Department of Finance is required to determine whether revenues are coming in as forecast or are falling short**
- ❏ **If the revenues are not trending as forecast, automatic spending reductions are triggered in the following order effective January 1, 2012:**
  - **Less than \$1 billion below forecast – no changes are required**
  - **Between \$1 billion and \$2 billion below forecast**
    - **\$23 million across-the-board cut to child care**
    - **Reductions to other state-funded programs, including higher education, totaling \$548 million**



# Trigger Reductions – *cont.*

- More than \$2 billion below forecast, additional cuts are triggered:
  - Up to 4% reduction to revenue limits – \$1.5 billion
    - \$260 per ADA for Unified School Districts (\$7M to OUSD)
    - Reduction in school year by 7 additional days
  - \$248 million cut to school transportation (\$750,000 to OUSD)
  - \$72 million reduction to community colleges

# 2011-12 Adopted Budget

	2011-12	2012-13	2013-14
Revenues	\$211,283,160	\$209,674,875	\$214,323,743
▪ Add. Revenue \$19/ADA	\$514,672	\$514,672	\$514,672
Total Revenues	\$211,797,832	\$210,189,547	\$214,838,415
Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Total Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Inc. (Dec.) in Fund Balance	<b>(\$18,714,534)</b>	<b>(\$19,952,631)</b>	<b>(\$24,900,763)</b>
Beginning Balance	*\$53,566,526	\$34,851,992	\$14,899,361
Ending Balance	\$34,851,992	\$14,899,361	<b>(\$10,001,402)</b>
Less: Restricted Reserves	<b>(\$8,746,498)</b>	<b>(\$7,635,392)</b>	<b>(\$7,923,302)</b>
Unrestricted Balance	\$26,105,494	\$7,263,969	<b><u>(\$17,924,704)</u></b>

\* Includes \$7.5M Transferred from OPEB Investment Gains

# Multi –Year *Before* Trigger Reductions

	2011-12	2012-13	2013-14
Revenues	\$211,283,160	\$209,674,875	\$214,323,743
▪ Flat Funding	\$9,453,712	\$9,453,712	\$9,453,712
Total Revenues	\$220,736,872	\$219,128,587	\$223,777,455
Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Total Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Inc. (Dec.) in Fund Balance	(\$9,775,494)	(\$11,013,591)	(\$15,961,723)
Beginning Balance	*\$53,566,526	\$43,791,032	\$32,777,441
Ending Balance	\$43,791,032	\$32,777,441	\$16,815,718
Less: Restricted Reserves	(\$8,746,498)	(\$7,635,392)	(\$7,923,302)
Unrestricted Balance	\$35,044,534	\$25,142,049	<u>\$8,892,416</u>

\* Includes \$7.5M Transferred from OPEB Investment Gains

# Multi-Year *With* Trigger Reductions

	2011-12	2012-13	2013-14
Revenues	\$211,283,160	\$209,674,875	\$214,323,743
▪ Flat Funding	\$9,453,712	\$9,453,712	\$9,453,712
▪ AB114	(\$7,792,880)	(\$7,792,880)	(\$7,792,880)
Total Revenues	\$212,943,992	\$211,335,707	\$215,984,575
Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Total Expenditures	\$230,512,366	\$230,142,178	\$239,739,178
Inc. (Dec.) in Fund Balance	(\$17,568,374)	(\$18,806,471)	(\$23,754,603)
Beginning Balance	*\$53,566,526	\$35,998,152	\$17,191,681
Ending Balance	\$35,998,152	\$17,191,681	(\$6,562,922)
Less: Restricted Reserves	(\$8,746,498)	(\$7,635,392)	(\$7,923,302)
Unrestricted Balance	\$27,251,654	\$9,556,289	(\$14,486,224)

\* Includes \$7.5M Transferred from OPEB Investment Gains



# Next Steps

- ❏ **Watch State revenues and provide updates**
- ❏ **Report on the cumulative cuts/suspensions**
- ❏ **Prepare scenarios to reverse the cuts/suspensions**
- ❏ **Deadlines:**
  - **September 15, 2011: Adopt 2010-11 Unaudited Actuals & 2011-12 Revised Budget**
  - **December 15, 2011: Adopt 2011-12 1<sup>st</sup> Interim Report**
  - **January 2012: Department of Finance Revenue Report**
  - **March 15, 2012: 2011-12 2<sup>nd</sup> Interim Report**
  - **June 30, 2012: Adopt the 2012-13 All Funds Budget**