

Recommended Budget Adjustments

Orange Unified School District
November 12, 2009

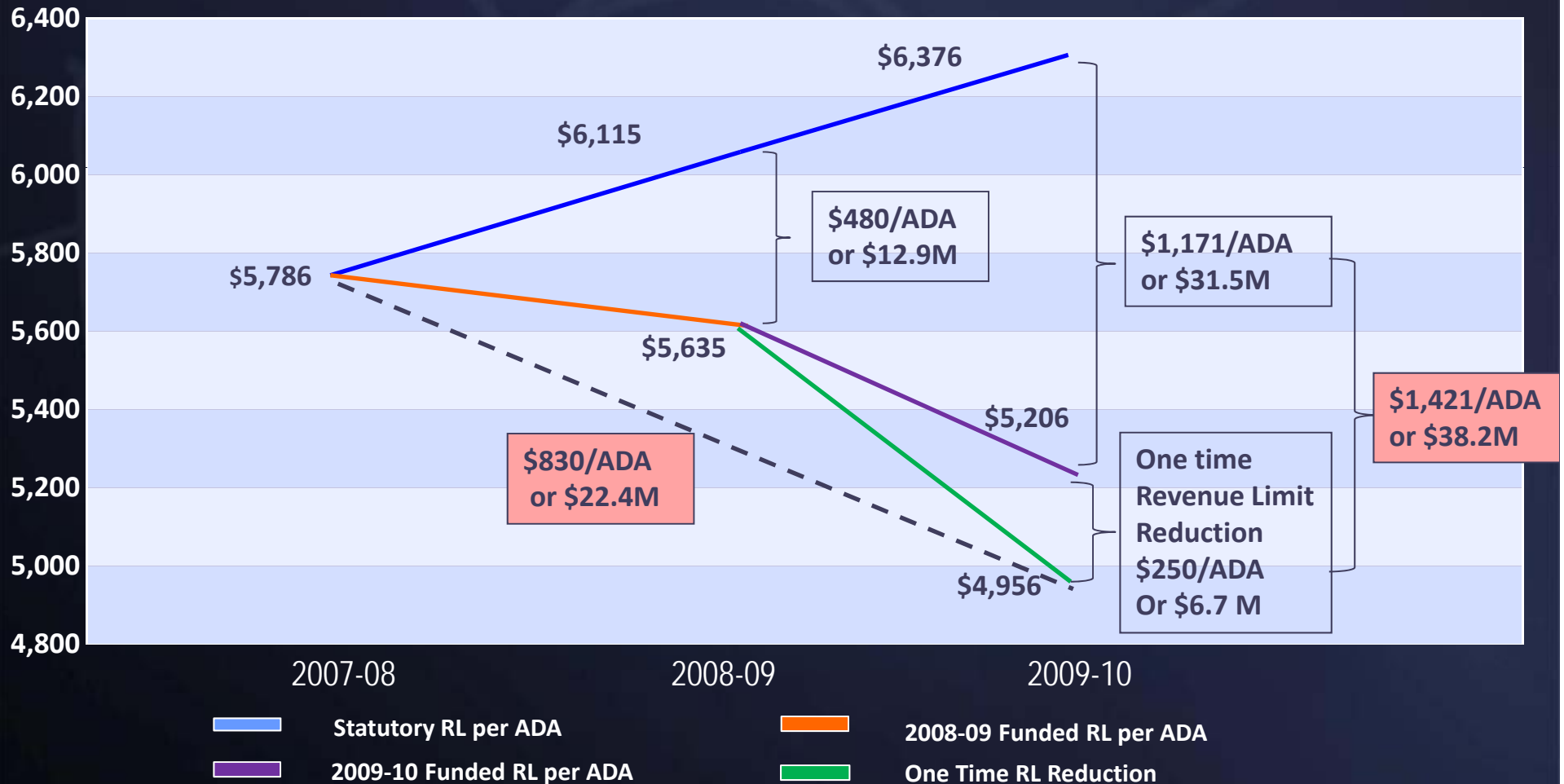


Presentation Overview

- ▶ **Current Multi-Year Budget Projections**
- ▶ **Level 1: Administrative Funding Adjustments**
- ▶ **Level 2: Board of Education Funding Adjustments**
- ▶ **Level 3: Adjustments Requiring Negotiations**
- ▶ **Multi -Year Projections After All Adjustments**
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- ▶ **Multi-Year Projections After Flexibility Expirations**
- ▶ **Next Steps**

Impact of the 18.355% Revenue Limit Deficit

Funded Revenue Limit per ADA



Current Multi-Year Projections

	2009-10	2010-11	2011-12
Revenues	\$216,266,723	\$209,764,980	\$211,217,991
Expenditures	<u>\$247,844,592</u>	<u>\$222,593,342</u>	<u>\$228,813,694</u>
Inc./ (Dec.) in Fund Balance	(\$31,577,869)	(\$12,828,362)	(\$17,595,703)
Beginning Fund Balance	<u>\$37,975,586</u>	<u>\$6,397,717</u>	<u>(\$6,430,645)</u>
Ending Balance	\$6,397,717	(\$6,430,645)	(\$24,026,348)
Less: Restricted Reserves	<u>(\$8,766,465)</u>	<u>(\$7,408,927)</u>	<u>(\$7,595,538)</u>
Unrestricted Balance	(\$2,368,748)	(\$13,839,572)	(\$31,621,886)

Level 1: Administrative Funding Adjustments

Budget Adjustments	2009-10	2010-11 & On Going
Freeze Spending	\$500,000	-0-
Increased Medi-Cal Revenue Billing	\$500,000	\$500,000
Take Advantage of the IDEA Flexibility Option	\$6,300,000	-0-
Charge Fund 71 for Health Benefits	\$1,900,000	\$1,900,000
Reduce OPEB Interest to Estimated Actuals	\$2,250,000	-0-
Sweep Instructional Materials	\$1,500,000	\$750,000
Eliminate Def. Maintenance Transfer	\$1,150,000	\$1,150,000
TOTAL	\$14,100,000	\$4,300,000

Multi-Year Projections After Administrative Funding Adjustments

	2009-10	2010-11	2011-12
Revenues	\$216,266,723	\$209,764,980	\$211,217,991
Expenditures	\$247,844,592	\$222,593,342	\$228,813,694
Administrative Funding Adjustments	<u>(\$14,100,000)</u>	<u>(\$4,300,000)</u>	<u>(\$4,300,000)</u>
Total Expenditures	<u>\$233,744,592</u>	<u>\$218,293,342</u>	<u>\$224,513,694</u>
Inc./ (Dec.) in Fund Balance	<u>(\$17,477,869)</u>	<u>(\$8,528,362)</u>	<u>(\$13,295,703)</u>
Beginning Fund Balance	<u>\$37,975,586</u>	<u>\$20,497,717</u>	<u>\$11,969,355</u>
Ending Balance	\$20,497,717	\$11,969,355	<u>\$1,326,348</u>
Less: Restricted Reserves	<u>(\$8,343,465)</u>	<u>(\$7,279,927)</u>	<u>(\$7,466,538)</u>
Unrestricted Balance	\$12,154,252	\$4,689,428	<u>(\$8,792,886)</u>

Level 2: Board of Education Funding Adjustments

Recommended Budget Adjustments	2009-10	2010-11 & On Going
Eliminate District Funding for Sports Transportation	-0-	\$200,000
Increase Bus Pass Fee by \$60	-0-	\$60,000
Eliminate GATE Busing	-0-	\$107,000
Eliminate Elementary Instrumental Music Program	-0-	\$385,000
Eliminate Elementary Summer School	-0-	\$300,000
Restructure Secondary Summer School	-0-	\$300,000
Reduce Administration/Support Staff	-0-	\$450,000
Restructure Custodial Staffing	-0-	\$900,000
Consolidate Small Schools (Riverdale Elementary)	-0-	\$345,000
Restructure Class Size Reduction Program to 30:1	-0-	\$1,250,000
TOTAL	-0-	\$4,297,000

Level 3: Adjustments Requiring Negotiations

Recommended Budget Adjustments	2009-10	2010-11 & On Going
Increase High School Staffing Ratio to 33:1	-0-	\$480,000
TOTAL	-0-	\$480,000

Summary of Budget Adjustments

Summary of Budget Adjustments	2009-10	2010-11 & On Going
Level 1: Administrative Funding Adjustments	\$14,100,000	\$4,300,000
Level 2: BOE Funding Adjustments	-0-	\$4,297,000
Level 3: Adjustments Requiring Negotiations	-0-	\$480,000
GRAND TOTAL	\$14,100,000	\$9,077,000

Multi-Year Projections After Implementation of Budget Adjustments

	2009-10	2010-11	2011-12
Revenues	\$216,266,723	\$209,764,980	\$211,217,991
Expenditures	\$247,844,592	\$222,593,342	\$228,813,694
Level 1: Admin. Funding Adjust.	(\$14,100,000)	(\$4,300,000)	(\$4,300,000)
Level 2: BOE Funding Adjust.	-0-	(\$4,297,000)	(\$4,297,000)
Level 3: Adjust. Req. Negotiations	-0-	(\$480,000)	(\$480,000)
Total Expenditures	<u>\$233,744,592</u>	<u>\$213,516,342</u>	<u>\$219,736,694</u>
Inc./ (Dec.) in Fund Balance	(\$17,477,869)	(\$3,751,362)	(\$8,518,703)
Beginning Fund Balance	<u>\$37,975,586</u>	<u>\$20,497,717</u>	<u>\$16,746,355</u>
Ending Balance	\$20,497,717	\$16,746,355	\$8,227,652
Less: Restrict. Reserves	<u>(\$8,343,465)</u>	<u>(\$7,136,617)</u>	<u>(\$7,323,228)</u>
Unrestricted Balance	\$12,154,252	\$9,609,738	\$904,424

Budget Flexibility Expiration

- ▶ **The K-3 Class Size Reduction Flexibility will sunset in 2011-12, thus reducing revenue in the amount of \$4.2 M beginning with the 2012-13 fiscal year.**
- ▶ **The Flexibility for Instructional Materials will sunset in 2012-13.**
 - **Districts will be required to purchase history/social science textbooks in 2013**
 - **Science textbooks in 2014**
 - **Mathematics textbooks in 2015**

Expenditures will increase in the amount of \$1.5 M in the 2012-13 fiscal year.

- ▶ **All other Tier III Flexibility will sunset in 2012-13, causing a negative impact on the 2013-14 budget.**

Multi-Year Projections After Expiration of Budget Flexibility

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	2009-10	2010-11	2011-12	2012-13
Revenues	\$216,266,723	\$209,764,980	\$211,217,991	\$213,299,299
K-3 CSR Revenue Red.	-0-	-0-	-0-	<u>(\$4,234,272)</u>
Total Revenues	\$216,266,723	\$209,764,980	\$211,217,991	\$209,065,027
Expenditures	\$247,844,592	\$222,593,342	\$228,813,694	\$233,672,550
Level 1: Adm. Funding Adj.	<u>(\$14,100,000)</u>	<u>(\$4,300,000)</u>	<u>(\$4,300,000)</u>	<u>(\$3,550,000)</u>
Level 2: BOE Funding Adj.	-0-	<u>(\$4,297,000)</u>	<u>(\$4,297,000)</u>	<u>(\$4,297,000)</u>
Level 3: Adj. Req. Neg.	-0-	<u>(\$480,000)</u>	<u>(\$480,000)</u>	<u>(\$480,000)</u>
Total Expenditures	<u>\$233,744,592</u>	<u>\$213,516,342</u>	<u>\$219,736,694</u>	<u>\$225,345,550</u>
Inc./((Dec.) in Fund Balance	<u>(\$17,477,869)</u>	<u>(\$3,751,362)</u>	<u>(\$8,518,703)</u>	<u>(\$16,280,523)</u>
Beginning Fund Balance	<u>\$37,975,586</u>	<u>\$20,497,717</u>	<u>\$16,746,355</u>	<u>\$8,227,652</u>
Ending Balance	\$20,497,717	\$16,746,355	\$8,227,652	<u>(\$8,052,871)</u>
Less: Restrict. Reserves	<u>(\$8,343,465)</u>	<u>(\$7,136,617)</u>	<u>(\$7,323,228)</u>	<u>(\$7,491,494)</u>
Unrestricted Balance	\$12,154,252	\$9,609,738	\$904,424	<u>(\$15,544,365)</u>

Next Steps

- Staff will continue to work with:
 - ✓ Site Administrators
 - ✓ Certificated Representatives
 - ✓ Classified Representatives
 - ✓ Parent Group Representatives
- December 10, 2009: The Board will take action on recommended budget reductions.
- Deadlines: Education Code (42127, 42130)
 - ✓ December 15, 2009: Adopt First Interim Budget 2009/10 through 2011/12, including specified budget reductions
 - ✓ March 15, 2010: Adopt Second Interim Budget 2009/10 through 2011/12, including revised budget reductions
 - ✓ June 30, 2010: Adopt District Budget 2010/11 through 2012/13