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Orange Unified School District

October 15, 2009



Presentation Overview



- **National and State Economy**
- **Revenue Limit Reduction Impact**
- **2009/10 Funding Adjustments**
- **Multi-Year Budget**
- **Next Steps**

National Economic Outlook



- **The national recession began in December 2007 and is now 22 months old**
 - **It is the longest downturn since the Great Depression of the 1930s**
- **There are some signs that the economy has hit bottom**
 - **The stock market is up about 48% since its March 2009 bottom of 6,600 on the Dow Jones Industrial Average**
 - **Gross Domestic Product is no longer in freefall**
 - ▶ **It was essentially flat in the second quarter of 2009**

California Economic Outlook

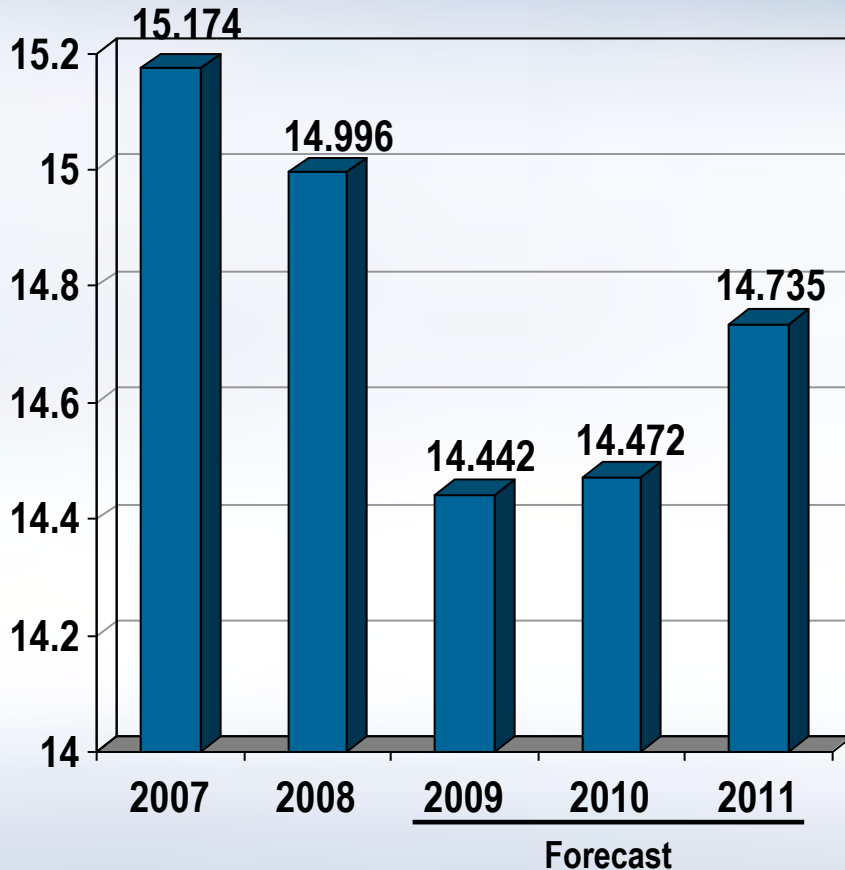


- **California has suffered more than the nation as a whole**
 - **The state's unemployment rate reached 12.2% in August compared to the national rate of 9.8%**
 - **California has experienced a greater drop in its median home price, but also enjoyed a greater run up in prices before the fall**
 - **Its Budget deficit is among the worst of the 50 states**
- **It may take longer for the state's economy to turnaround**
 - **California was the epicenter of the collapse of the subprime mortgage market**
 - ▶ **According to UCLA, residential building permits are off 77% from the 2004 high of 213,000 units**

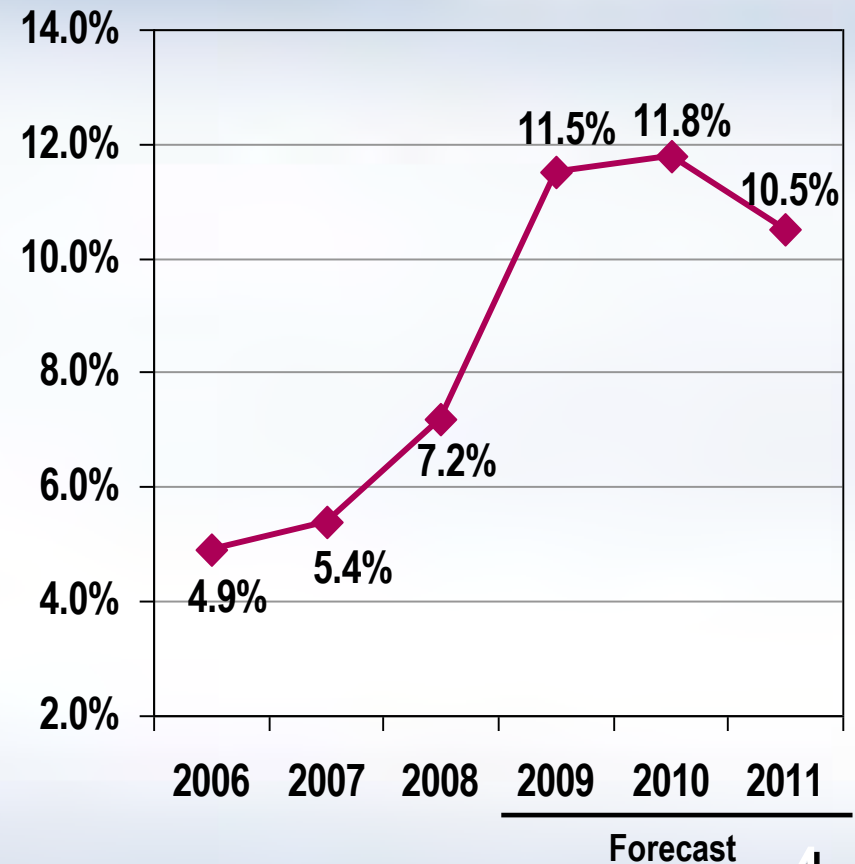
California Employment



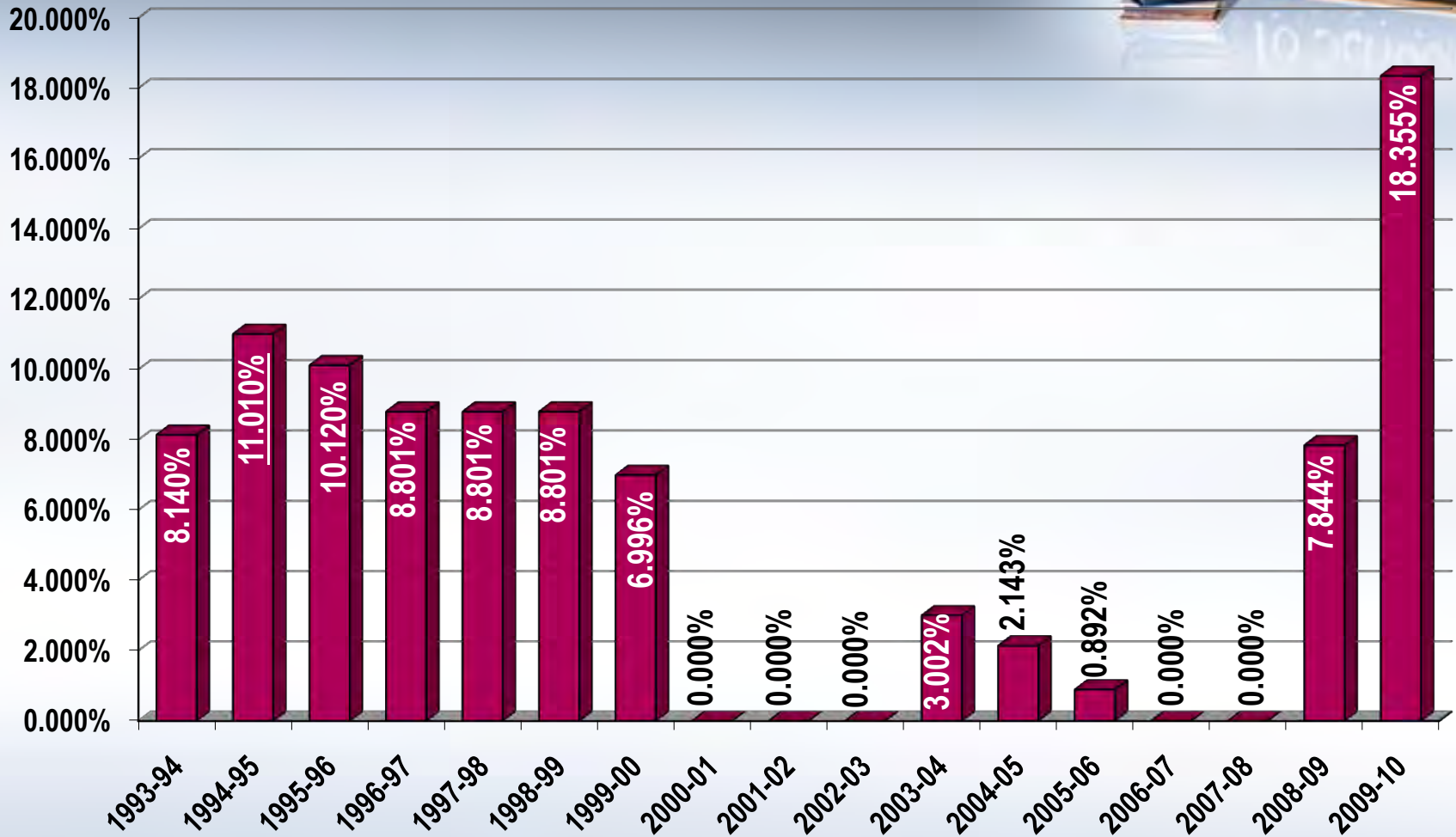
California Jobs (in millions)



California Unemployment Rate



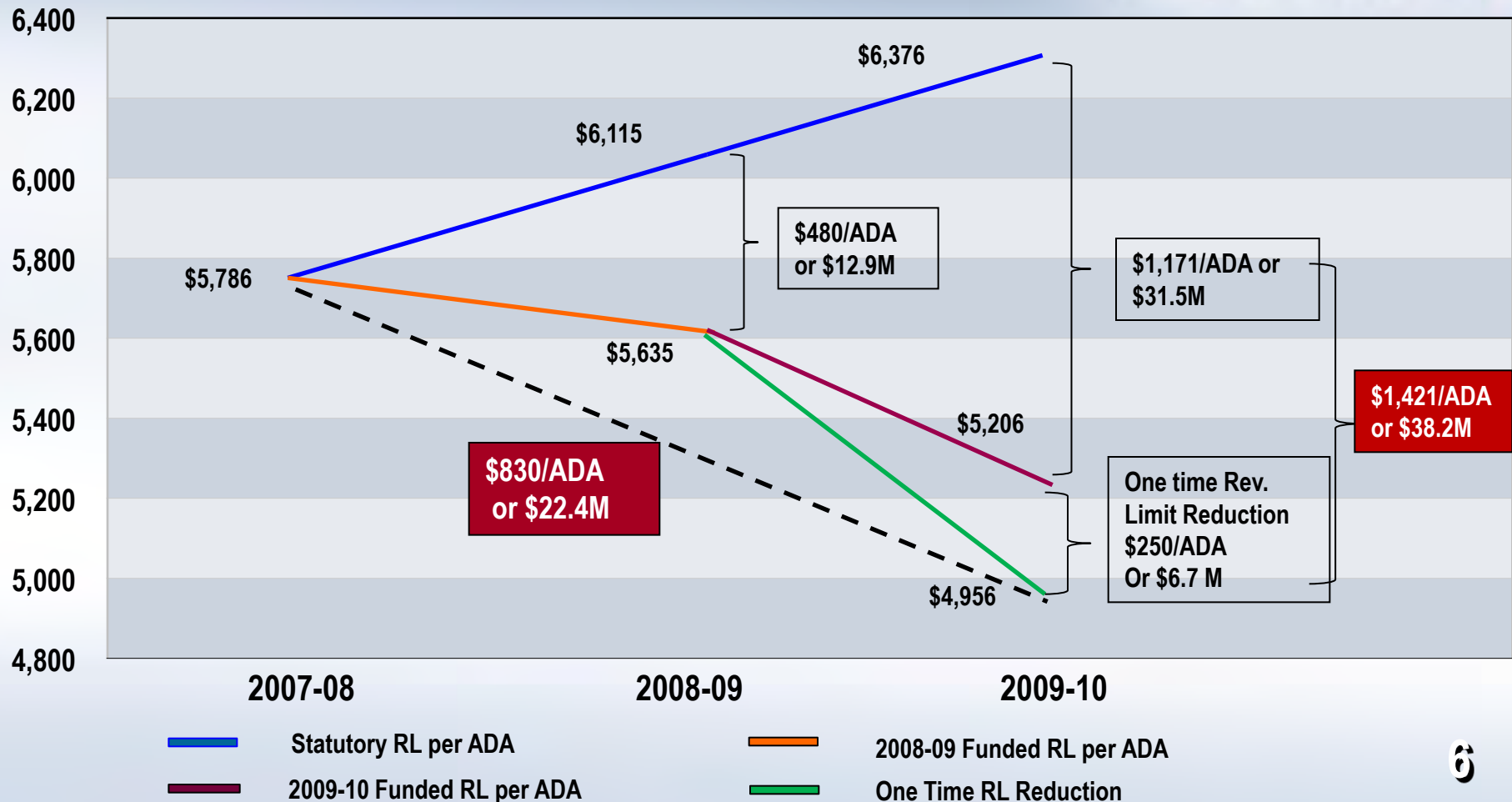
Revenue Limit Deficit Factors



Impact of the 18.355% Revenue Limit Deficit



Funded Revenue Limit per ADA



2009-10 Funding Adjustments



Funding Adjustments That Have Been Made	One Time	On Going
<ul style="list-style-type: none"> ➤ Level 1 – Administrative Funding Adjustments <ul style="list-style-type: none"> • Reduced site/department discretionary budget • Reduced staffing to contractual/legal requirement 	\$3,141,000	\$3,022,587
<ul style="list-style-type: none"> ➤ Level 2 – Board of Educational Funding Adjustments <ul style="list-style-type: none"> • Reduced District Administration staff • Closed One School • Tier III Flexibility option • Restructured CSR Program to 25:1 	\$2,582,491	\$7,814,658
<ul style="list-style-type: none"> ➤ Level 3 – Board of Education Funding Adjustments Requiring Negotiations <ul style="list-style-type: none"> • Reduced compensation for certificated staff and administration by 2%, through a combination of monetary adjustments and furlough days 	-0-	\$3,616,960*
<ul style="list-style-type: none"> ➤ TOTAL <p>*CSEA Negotiations in progress</p>	\$5,723,491	\$14,454,205

2009-10 General Fund Budget With Two Year Projection



	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
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>	(\$6,430,645)
Ending Balance	\$6,397,717	(\$6,430,645)	(\$24,026,348)
Less: Restricted Reserves	(\$8,766,465)	(\$7,408,927)	(\$7,595,538)
Unrestricted Balance	(\$2,368,748)	(\$13,839,572)	(\$31,621,886)

Next Steps

Identify \$16 Million in Ongoing Budget Reductions

- Staff is working with:
 - Site Administrators
 - Certificated Representatives
 - Classified Representatives
 - Parent Group Representatives

- Budget Question: Is the Program/Service/Expenditure . . .
 - Mission Critical?
 - Important – (Temporary Suspension)?
 - Not Essential to the Mission?

- 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

