



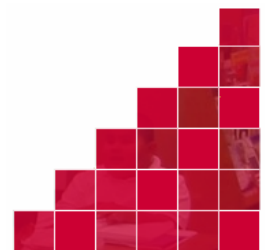
Santa Ana
Unified School District

State of California Budget Impact

December 11, 2008

Jane A. Russo, Superintendent

Cathie Olsky, Ed.D., Deputy Superintendent
Ron Murrey, Associate Superintendent Business

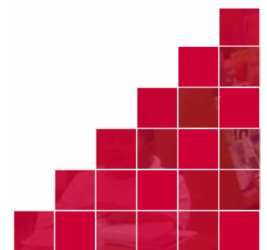
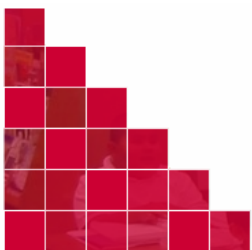




Santa Ana
Unified School District

Who are we?

- ✓ *SAUSD is the 7th largest school district in the State of California and the largest in Orange County.*
- ✓ *Approximately 60% of SAUSD students are English Learners.*
- ✓ *80% of SAUSD students participate in free or reduced-price lunch programs.*



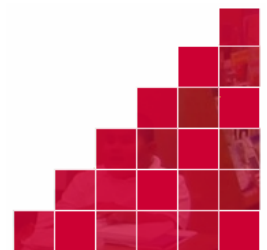
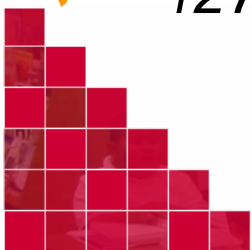


Who are we?

- ✓ *Number of schools*
 - ✓ *63 total* *Elementary, Intermediate, and High Schools*

- ✓ *Enrollment*
 - ✓ *54,596* *Kindergarten thru 12th grade*

- ✓ *Number of Employees (2nd largest employer in the City of Santa Ana)*
 - ✓ *2,790* *Certificated Staff*
 - ✓ *1,849* *Classified Staff (not including hourly)*
 - ✓ *127* *Certificated Administrators*





Proposed Budget Reductions and Impact

- Previous budget reductions
- Educational advances and improvements in student achievement
- The Governor's budget proposal
- Impact of State budget crisis on SAUSD



Previous Budget Reductions

- \$130 million in the past five years
- Closed a school site
- Defined school base programs / minimum school staffing
- Maximized class size
- Eliminated Administrative positions to a 4% administrative ratio (172 for 63 sites)
- Imposed unpaid furlough days for administrators (average of 4% pay cut)



Previous Budget Reductions continued

- Hiring freeze
- Adjusted health benefits
- Eliminated programs
- Reduced Instructional Assistants to 3.75 hours per day
- Reduced the number of elementary music teachers



Previous Budget Reductions continued

- Reduced the number of nurses
- Reduced summer school offerings
- Slashed department budgets
- Laid off classified staff
- Maximized categorical funding



Success is the Standard

- We have continued to provide our students a quality academic program
 - District 21 point API gain (Statewide gain of 14)
 - 4% increase in graduation rate the past year (Statewide declined)
 - 4 of the 10 most improved schools in Orange County
- Santa Ana Unified was recognized by State Superintendent O'Connell for the highest increase in the State for English Language Learners in scoring proficient or above and a 98% pass rate for redesignated students on the California High School Exit Exam (CAHSEE)



Success is the Standard

- California Business for Education Excellence (CBEE)/Just for the Kids (JFTK) 2008 Honor Roll
 - Five Elementary Schools
 - Middle College and Segerstrom High Schools
- Nominees for California Distinguished Schools 2008
 - Mendez Fundamental Intermediate School
 - Middle College High School
- Nominee U.S. Department of Education 2009 Blue Ribbon School
 - Middle College
- U.S. News and World Report - Best High Schools in America
 - Middle College, Bronze medalist



Three weeks ago:

- **The Governor announces that school budgets need to be cut this year to help balance the State's budget.**



Two weeks ago:

- **The magnitude of cuts caused by the State's projected revenue shortfall, now estimated at \$10+ Billion.**
- **Governor announces that \$2-4 billion dollars will be the schools' share of the cut.**



Last Week

- **The Governor declares a fiscal emergency after the outgoing legislature does not come to agreement on the new budget**
- **State Controller, John Chiang announces that the state will run out of cash in February**



State Budget Crisis Governor's Proposal

- Current year deficit estimated to be \$11.2 billion
- Proposal to close gap with \$4.7 billion in new taxes and \$4.5 billion in cuts
- Revenue increases includes:

(millions)

1. Increase sales tax by 1.5% for 3 years	\$3,500
2. Expand sales tax to some services	\$357
3. Oil severance tax of 9.9%	\$530
4. Raise alcohol tax by 5 cents per drink	\$293
Total	\$4,700



State Budget Crisis

Governor's Proposal Continued

Expenditure Reduction include:

	(millions)
1. Proposition 98 K-14 Education Funding (55.56%)	\$2,500
2. Higher education	\$132
3. Regional Center Rates	\$34
4. Medi-Cal eligibility and benefits	\$142
5. Low income aged, blind and disabled	\$391
6. CalWorks grants and reforms	\$274
7. In-Home Supportive Services	\$118
8. Parole reform and other corrections	\$78
9. Public safety	\$250
10. Transit agencies	\$230
11. Furlough state workers	\$320
12. Local governmental reimbursement	\$35
Total	\$4,500



Governor's 2008 Proposed Mid-Year Reductions to K-14 Education

2008 Special Session Proposal

State Savings

Eliminate current year 0.68% COLA <ul style="list-style-type: none">•K-12 revenue limits (\$244 million)•Community college (\$40 million)	\$284 million
Reduce base funding <ul style="list-style-type: none">•K-12 revenue limit (\$1.791 billion)•Community colleges (\$292 million)	\$2.083 billion
Capture savings from current year <ul style="list-style-type: none">•Child care programs (\$97 million)•K-12 programs (\$35 million)	\$132 million
Total	\$2.5 billion

Due to the mid-year nature of these proposed cuts, the roughly 6% reduction in funding, would result in an annualized cut for the remainder of the year of more than 10%.

Proposed cuts are coupled with categorical flexibility up to the amount of each district's share of the reduction. District boards would be required to adopt a transfer plan. Under this proposal, districts would be exempt from class size reduction penalties.



State Budget Crisis

Legislative Analyst's Proposal

- State faces \$27.8 billion shortfall over the next 20 months
- Long-term outlook is bleak
- “Imperative to act quickly and aggressively to address this problem”
- Problem too big to be solved by cuts or taxes alone



Legislative Analyst's 2008 Proposed Mid-Year Reductions to K-14 Education

2008 Proposal

State Savings
(millions)

Eliminate current year 0.68% COLA	\$284
Savings from current and prior years	\$216
K-12 program suspensions	\$400
Increase Community College fee	\$40
Reducing funding rate for certain CC enrichment	\$60
Total	\$1,000

LAO recommended a smaller mid-year reduction to schools and more targeted categorical cuts instead of categorical flexibility as proposed by the Governor.

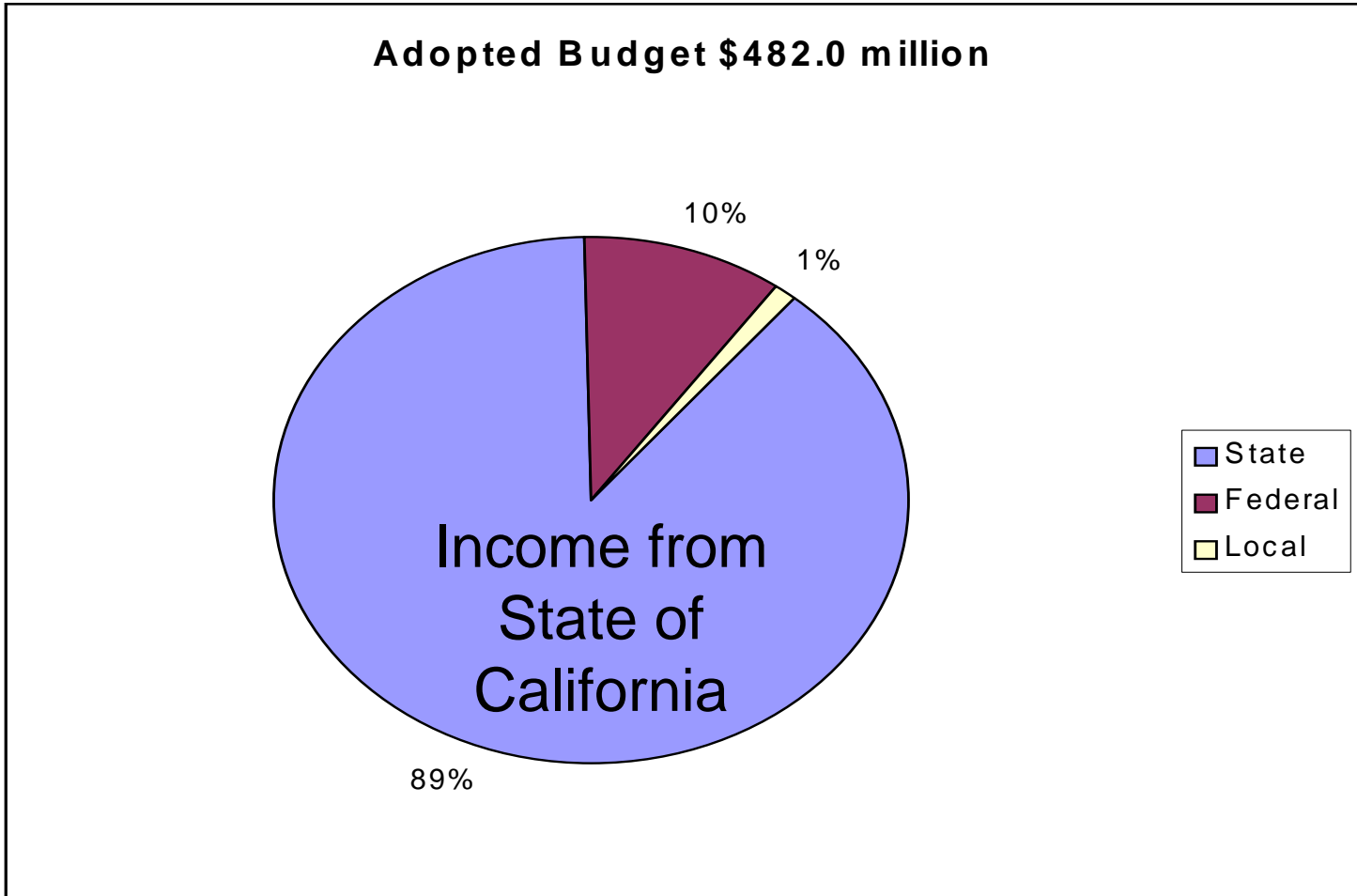


When the State Cuts Funding What Happens to Education?



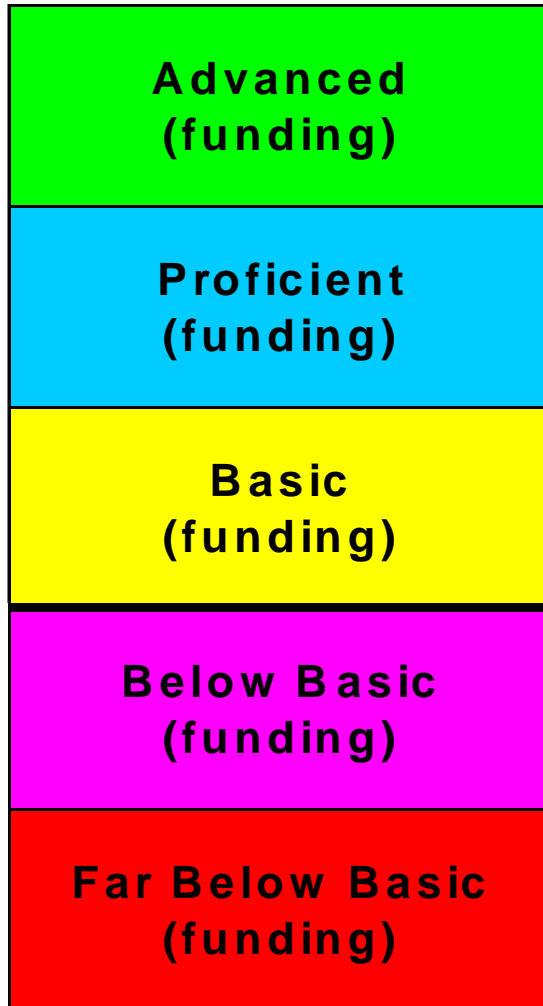


SAUSD Income Sources





Current Base Program Funding for SAUSD





Building Blocks of the K-12 Educational Program



Local District Program Additions

District Level School Support

Site Operational Support

State Required Programs



SAUSD Program Expenses

Restricted
Extra Teachers
Instructional Aides
Library
Computer Techs
Student Support
Textbooks
Extra Instructional Materials
Tutoring Programs
After School Programs
Pre-School
Summer School
Extra Custodial Supplies
Parent Education



General Fund
Teachers
Administrators
Office Staff
Custodial
Grounds Service
Maintenance
School Police
Security Cameras / Alarms
Transportation
Athletics Uniforms and Equipment
Music/Drama - Equipment and Uniforms
Utilities
Data Monitoring and Reporting
Communication - Channel 31
Printing
Postage



Facilities
COS - Critically Overcrowded Schools
ORG - Overcrowding Relief Grant
Measure G
MOD - Modernization



SAUSD Core Operating Expenses

General Fund
Teachers
Administrators
Office Staff
Custodial
Grounds Service
Maintenance
School Police
Security Cameras / Alarms
Transportation
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SAUSD Core Operating Expenses and the Urban Impact

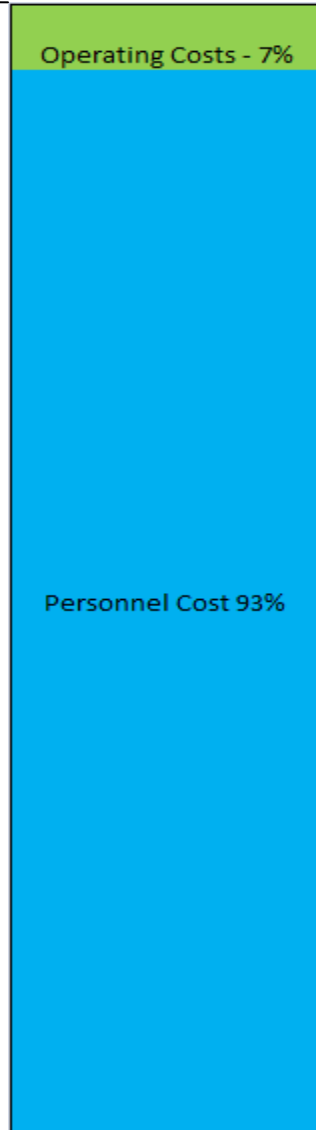
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Impact on Operations – General Fund

\$487
million





Over View of 2008-09 Governor's Mid Year Unrestricted General Fund Budget Changes Revenues & Expenditures

Decrease Estimated Revenue	(\$18.2M)
Increased Estimated Expenditures	<u>(\$ 3.0M)</u>
Estimated Change	(\$21.2M)
Adopted Budget Deficit	<u>(\$ 4.5M)</u>
Estimated Total Revised Budget Deficit	<u>(\$25.7M)</u>



Shortfall Impact

- The shortfall may cause SAUSD to lose between 5% to 10% of this year's State Revenue.
- In dollars, that would work out to approximately \$20 to \$46 million dollars of anticipated state funds that would be immediately eliminated for the last half of this school year!



The District's operational cost is \$2+ million dollars per school day. A possible \$20+ million dollar State's elimination of school funding could mean 10 less days of school to make up for the loss.





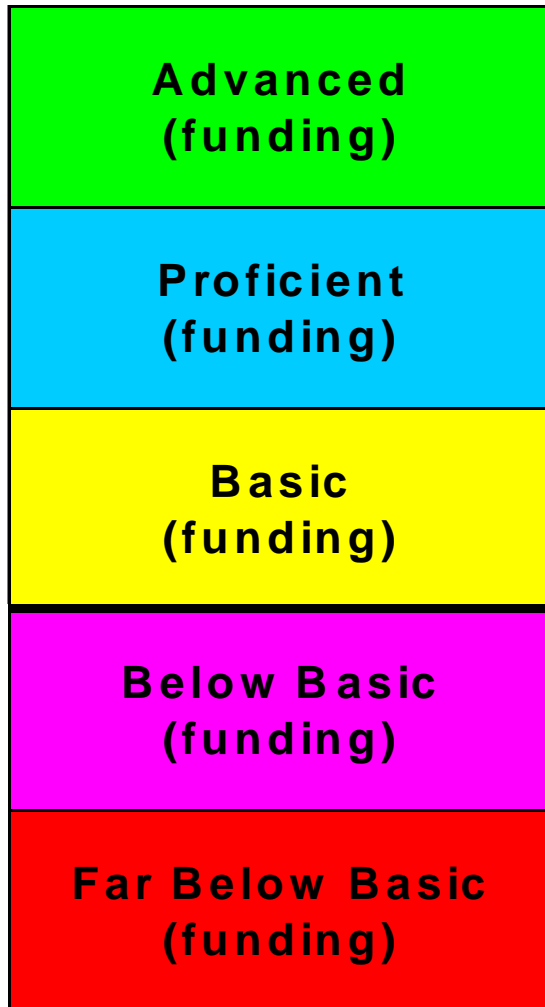
What is the Effect of the Governor's Proposal?

- In 2008-09, with the Governor's proposed reduction, California will be spending approximately \$1,400 per pupil less than the national average.
- In less than 40 years, we've fallen from near the top to the bottom of the states when it comes to spending per pupil



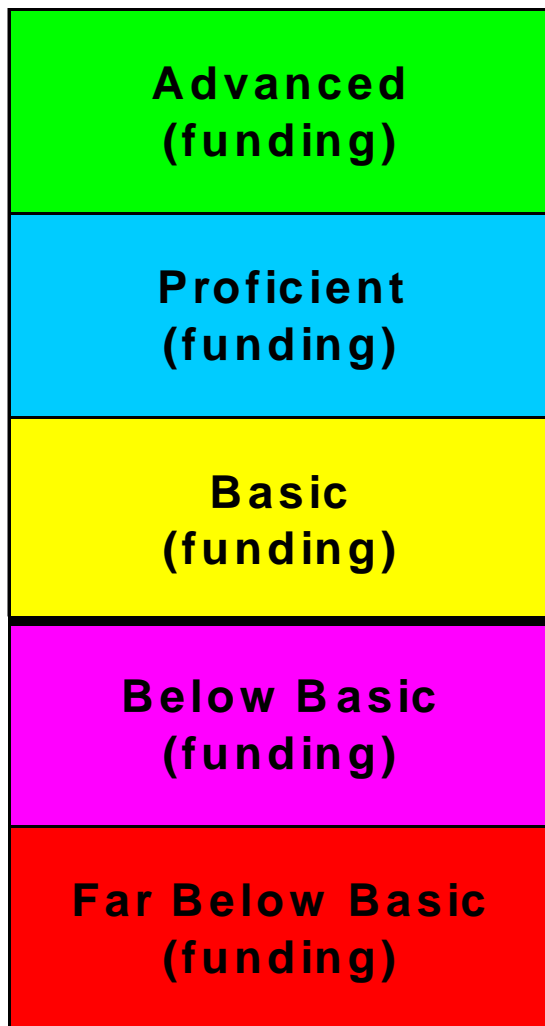


Where We Are Today: Current Base Program Funding In SAUSD





What is the Effect of the Governor's Proposal on SAUSD?



\$5819 per student



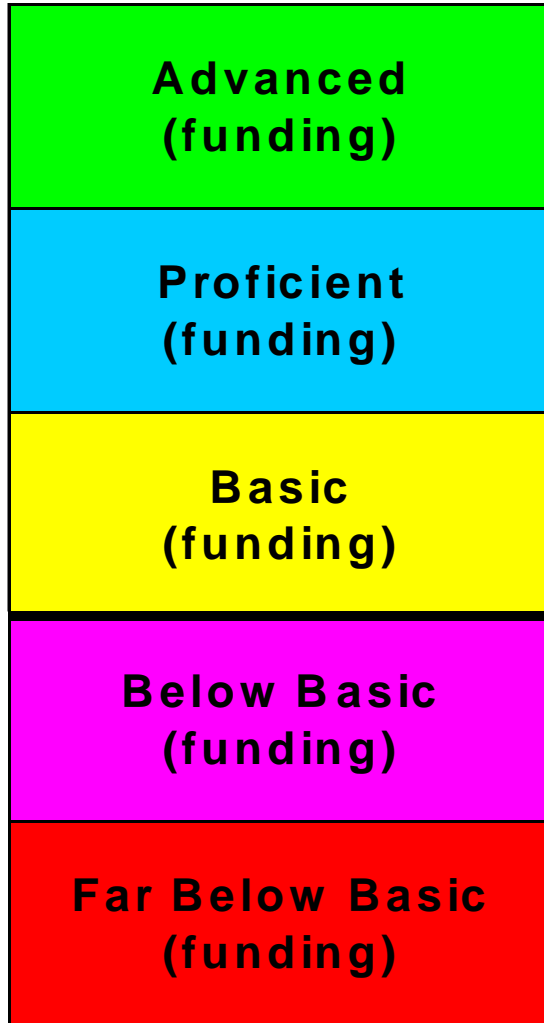
\$5419 per student

Mid-year Cuts – the per student cut is estimated to be \$400





State Funding Levels





New State of California School Funding Policy



**"The bank is all out of money, Mrs. Clagner.
Hand over everything you've got!"**



What is SAUSD doing?

- Meeting with our State legislators regarding the budget impact.
- Meeting with other school districts in Orange County and the State.
- Joining with the Educational Coalition for presentations in Sacramento.
- Communicating the budget facts to our public.
- Reconvening the Budget Reallocation Committee.



What can you do?

- Contact your State legislators regarding the budget the impact to education.
- Stay informed regarding the State Budget.
- Communicate the budget facts to others.
- Volunteer to participate on the District Budget Reallocation Committee.