



Santa Ana
Unified School District

2011 – 12 Third Interim Budget

(The New Normal)

May 22, 2012

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- Third Interim Budget
 - The “New Normal”
- Multi Year Projection (MYP) and Ending Fund Balance
- Governor’s May Revise
- Process for 2012-13 Budget Reductions
- Next Steps



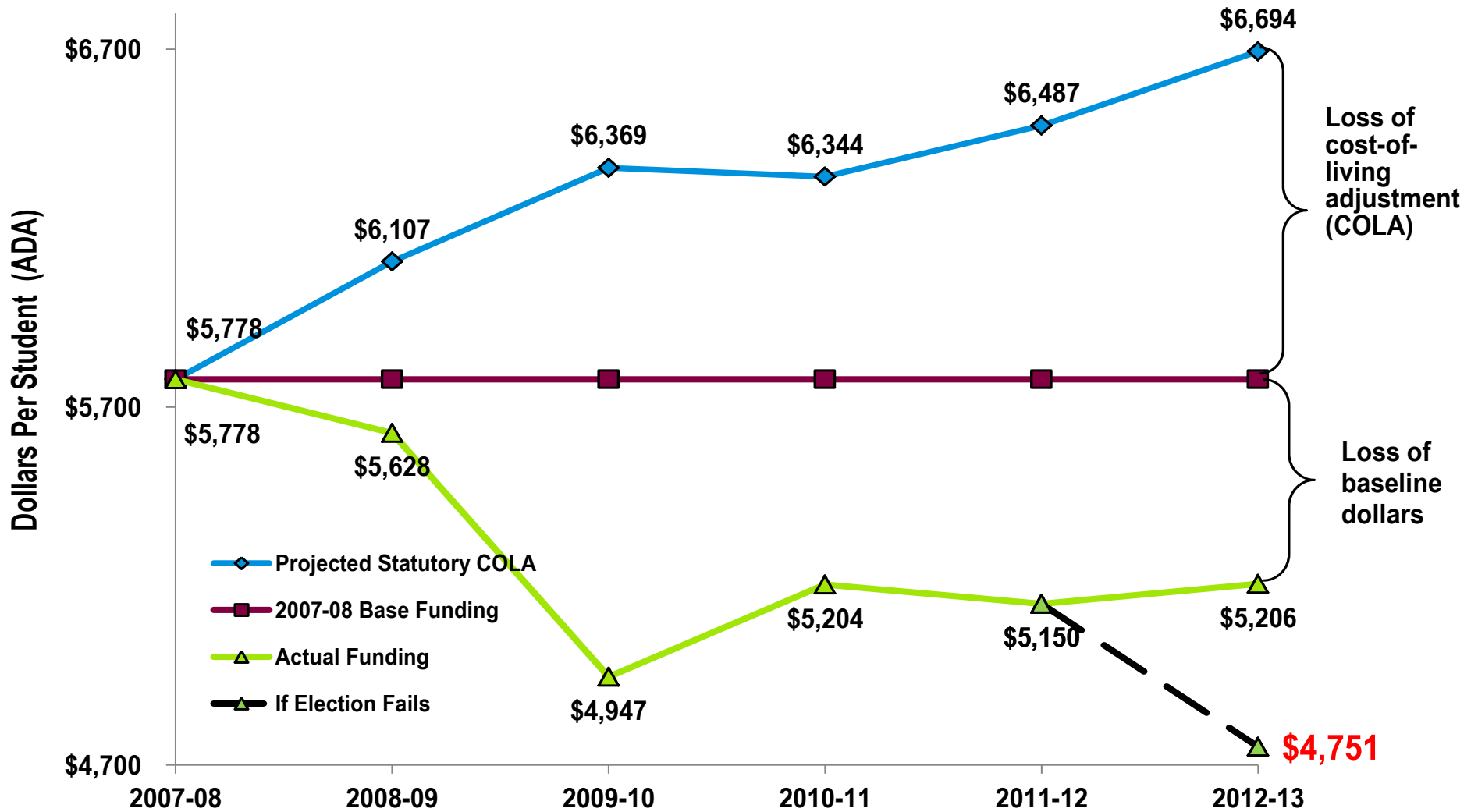
- School districts are required to submit two (2) Interim Reports on the budget to the County Office each year
 - These are in addition to the audit report and annual adopted budget
- Districts that submit a “Qualified” certification must also submit a Third Interim report
 - SAUSD filed a “Qualified” certification to the Second Interim report as required under Education Code Section 42130 [1240]
 - SAUSD will provide no later than June 1, financial statement projections of the District’s general fund and cash balances through June 30 for the period ending April 30 to:
 - The Orange County Department of Education (OCDE)
 - The State Controller Office
 - The California Department of Education



- Authorization to submit Financial Report to OCDE:
 - Staff request that the governing board certify the District financial status as “Qualified” as part of the Third Interim report submission to the Orange County Department of Education
 - The Qualified certification is due primarily to the current Governor’s May Revision Budget and the determination that SAUSD may not be able to meet all financial obligations in the budget year or one of the two following years



Per Student Revenue Limit Funding (Statutory vs Actual) Santa Ana Unified School District





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2011–12 Third Interim MYP-Combined (including unspecified cuts)

\$s in million	2010-11 Unaudited Actuals	2011-12 Budget	2012-13 Budget	2013-14 Budget
Beginning Fund Balance (a)	\$ 95.3	\$ 86.7	\$ 66.0	\$ 44.6
Add: Adjustment to Beginning Fund Balance (b)	(\$1.0)	\$ 0.3	----	----
Add: Revenues (c)	\$478.9	\$477.6	\$481.2	\$464.6
Less: Expenditures (incl. Budget Reductions) (d)	\$486.5	\$498.6	\$502.6	\$462.3
Net Increase / (Decrease) (e) = (c) - (d)	(\$7.6)	(\$21.0)	(\$21.4)	\$2.3
Ending Fund Balance (a) + (e)	\$ 86.7	\$ 66.0	\$ 44.6	\$ 46.9
<u>Non-spendable:</u> Revolving Cash/ Stores / Prepaid Expend.	\$1.2	\$1.2	\$1.2	\$1.2
<u>Restricted:</u> Desig. For Restricted Fund Balance	\$9.0	\$7.3	\$3.2	\$0.0
<u>Committed:</u> Stabilization Arrangements	\$24.4	\$25.1	\$1.5	\$0.5
<u>Assigned:</u> - Restoration of State Cuts/Future State Cuts/COLA	\$13.5	\$17.2	\$20.0	\$26.4
- Desig. For Unrestricted Reserve (Instr Mat'l, CalSafe, Community Day, CAHSEE, Summer School, etc.)	\$7.4	\$5.2	\$6.2	\$7.2
- Est. budget cuts solution for 2012-13 utilizing Ending FB (one-time)			\$2.4	\$2.4
- Board approved carryover utilized one-time in 2011-12	\$21.5	----	----	----
<u>Unassigned/Unappropriated:</u>				
- Desig. for Economic Uncertainties (f)	\$9.7	\$10.0	\$10.1	\$9.2
(f) / (d)	2.0%	2.0%	2.0%	2.0%
Updated Budget Reduction Target	----	----	\$1.5	\$47.0



<u>\$s in millions</u>	2011-12
Second Interim	\$56.3
Third Interim	\$58.7
Variance	\$ 2.4

- Changes in ending fund balance are mostly due to:
 - ❑ Reduction in Revenue <\$0.17M>
 - ❑ Reduction in Expenditures +\$0.83M
 - Salary adjustments (Certificated & Classified): \$0.94M
 - Employee Benefits related to salary adjustments: \$0.53M
 - Other adjustments (supplies, services, etc.) <\$0.64M>
 - ❑ Reduction in Unrestricted GF contribution to Special Education +\$1.74M
 - Reduced expenditures and higher SDC ADA at P2



- The State budget gap has increased from **\$9.2 billion** to **\$15.7 billion** citing three major reasons for the change:
 - Lower revenues
 - An increase in Proposition 98 obligations
 - Adverse court decisions regarding some of the Governor's proposals
- The Governor has largely maintained his January positions regarding K-14 education. **If the Governor's tax proposal is approved by voters** in November 2012, K-12 spending remains flat at roughly the 2011-12 level
 - **If the taxes fail, schools lose about \$5.5 billion**
- In January, the Governor proposed a radical restructuring of the K-12 school finance system by introducing a Weighted Student Formula (WSF)



- **Base Grant** – As introduced in January, the WSF was announced as a per ADA amount of \$4,920 for each school district. The May Revision WSF proposal is now increased to an average of \$5,421 and adjusted for each of four grade span differentials which are:
 - Grades K-3: \$5,466/ADA
 - Grades 4-6: \$4,934/ADA
 - Grades 7-8: \$5,081/ADA
 - Grades 9-12 \$5,887/ADA
- **Supplemental Grant** – This element of the proposal was reduced from a 37% to 20%
- **Concentration Grant** - This element of the proposal was reduced from a 37% to 20%
- **Categorical Programs** – The January proposal eliminated 41 categorical programs and rolled the funding into the WSF thus making the funding fully flexible. The May Revision proposal removes Targeted Instructional Improvement Grant funds from the WSF and provides as an add-on to the WSF
- **Transportation funding** – The January proposal recommended the complete elimination of this funding source. The May Revision provides these funds as an add-on to the WSF



The May Revision also makes implementation of the WSF dependent on three conditions:






- The WSF will not take effect if the Governor's November tax initiative fails
- Continued phase-in of the formula in 2013-14 will be contingent on enactment of legislation to include additional indicators in the accountability system, which would be linked to incentive funding
- The WSF will not be fully implemented before the revenue limit deficit factor is restored



- **No Certificated or Classified Layoffs**
 - Impact of Education Code Section 44956(a)(5) Preferential Substitute Service
 - Cost of maintaining staff built into budget reduction targets
- **Staffing of 1st and 2nd grade at 30:1**
 - Provides Elementary sites with supplemental funding for research-based support for English learners and at-risk students
- **QEIA waiver denied by State Board of Education**
 - Waiver granted for 4 sites in May (Lathrop, Sierra, Willard and Century)
- **Grades 4 – 8 staffing formula Education Code adjustments**
 - Districtwide staffing ratio to meet 1964 Education Code Section 41376
- **Jobs Bill funding that reinstated five (5) furlough days for Certificated/Management (\$5.5 million) expires at the end of 2011-12**



\$ in millions

	Description of Reduction	Proposed Reduction/ Increase	Reductions Required
	New Reductions required for 2012-13		\$15.1
	2011-12 P2 ADA (Attendance Percentage increase mitigated decline in enrollment)	\$2.0	\$13.1
	Possible Transportation reductions (involves potential bell schedule adjustments)	\$1.5	\$11.6
	Maintenance and Operations (portable costs funded by developer fees in Fund 25)	\$1.0	\$10.6
	Health and Welfare costs (Revised based upon year to date actuals)	\$6.3	\$4.3
	Revised Step and Column (2.01% cert., 1.4% classified)	\$0.4	\$3.9
	3 rd Interim positive ending fund balance variance (one-time)	\$2.4	\$1.5
	Updated Reduction Target for 2012-13		\$1.5

Budget Reduction Target +/- \$3 million



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Mid-year reductions





\$ (millions)	Event or Activity
\$1.5 million	Ongoing non-salary program reductions to be identified
\$20.0 - \$25.0 million	Mid-year reductions if Governor's tax plan does not pass (\$400-\$475/per ADA) (Built into the "Assigned" category of the ending fund balance)