

Santa Ana Unified School District Board Meeting

2017-18 Financial Report
December 12, 2017



Presented by

Manoj Roychowdhury

Assistant Superintendent, Business Services
Santa Ana Unified School District

**School
Services
of California**
INC.™
An Employee-Owned Company

Ron Bennett
Chief Executive Officer



Overview

- **Our Commitment**
- **Our Financial Positions – Now and Later**
- **Collective Bargaining Issues**
- **Priorities and Direction**



Our Commitment

- **Serve our students and community**
- **Preserve the Board's rights to govern and set priorities**
- **Provide fair compensation to attract and retain the best staff members**
 - **Promote high moral**
 - **Promote labor peace**
 - **Promote positive classroom environment**
- **Close the achievement gap**
 - **Our students deserve the best we can do for them**
 - **The state provides supplemental and concentration (S/C) grant funding to help**
- **Maintain district stability, solvency, and local control**



Our Financial Positions – Now and Later

- **Positives:**

- Revenues have increased by approximately 45% since 2012-13
- Programs for students and compensation increases for employees account for nearly all of the new expenditures
- Programs are working

- Overall, our students, employees, and community are all seeing positive results



Our Financial Positions – Now and Later

● Partial List of New programs

- English Language Arts/English Language Development (ELA/ELD) adoption, Systematic Instruction in Phonological Awareness, Phonics, and Sight Words (SIPPS) instruction, Teacher Effectiveness Coaches (TEC) support & Teacher Induction Program (\$14.48M)
- Northwest Evaluation Association (NWEA) Measure of Academic Progress (MAP) for English Language Arts and Mathematics, Dynamic Indicators of Basic Early Literacy Skills (DIBELS) Next & MAP progress (\$3.07M)
- Expansion of SIPPS, Reading Academy, APEX online credit, Advancement Via Individual Determination (AVID) program, Achieve 3000, Dual Language (\$1.70M)
- Advanced Placement, Equal Opportunity Schools (EOS), International Baccalaureate (\$1.69M)
- 34 articulated pathways and/or academies, dual enrollment college opportunities (\$8.00M)



Our Financial Positions – Now and Later

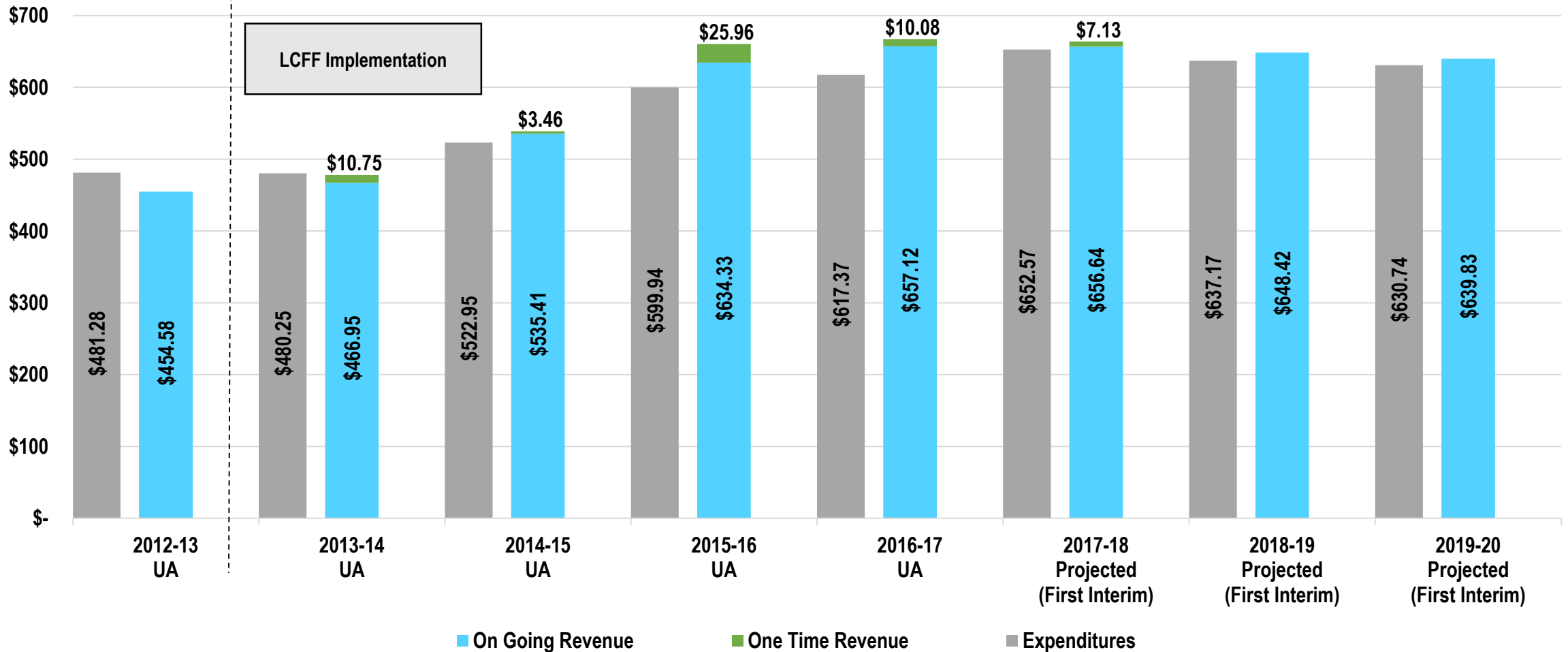
● Challenges:

- **The Local Control Funding Formula (LCFF) growth curve is over**
 - Revenue will be down because of declining enrollment
 - Expenditures will continue to rise, especially Special Ed and retirement contributions
 - The fund balance will diminish
- **Revenues grow only by cost-of-living adjustment (COLA) – about 2% or \$15 million per year**
 - Offset by losses to declining enrollment and unduplicated pupil percentage (UPP) of about \$35 million per year over time
 - By 2019-20, the third year of the multiyear projection (MYP), revenues decrease by \$27 million
 - By 2019-20 expenditures are up by \$13 million
 - Net change in financial position is minus \$40 million
- **Federal funding is uncertain**



Our Financial Positions – Now and Later

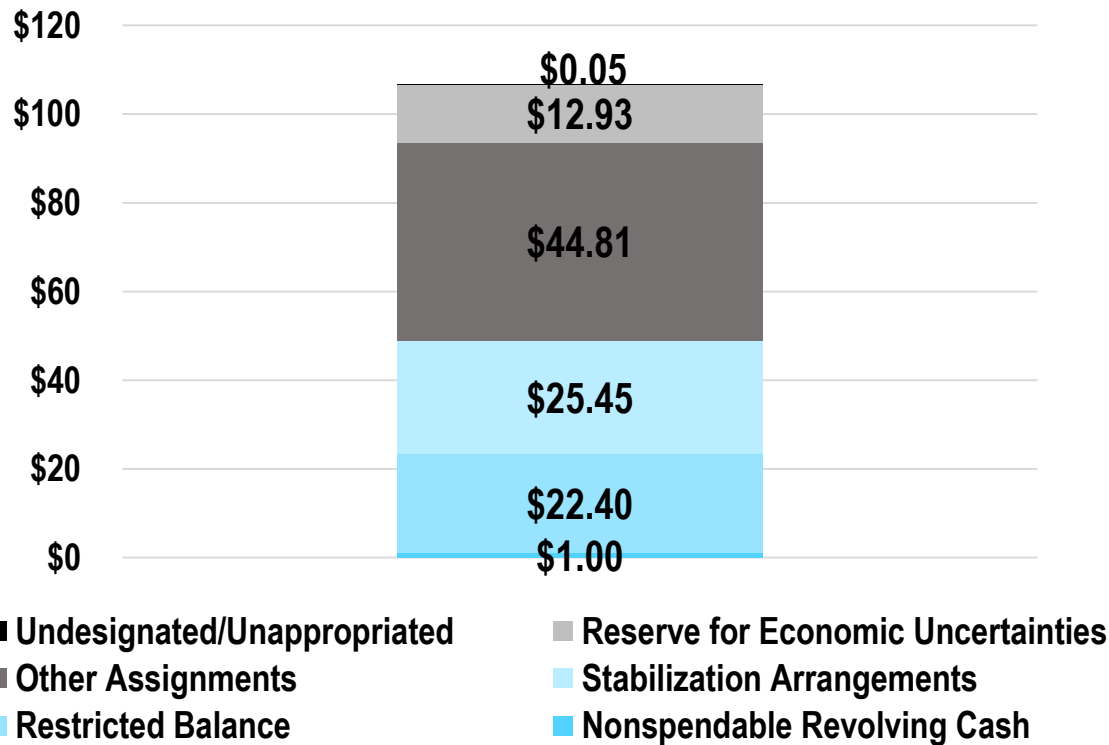
Santa Ana Unified School District Combined General Fund (in Millions)





Our Financial Positions – Now and Later

SAUSD 2017-18 Combined General Fund Balance (in millions) and Board Priorities



- 010032 Civic Center	\$0.30
- 010033 Godinez Rental Fees	\$0.05
- 010719 WIN-Attendance Recovery	\$0.17
- 010720 15-16 One-time discretionary (E-Rate /SBAC)	\$4.03
- 010808 CTE	\$0.42
- 010031 Enterprise Planning (ERP) system	\$7.00
- 010031 Athletic equipment	\$0.13
- 010000 Artificial Turf	\$3.18
- 010720 Furniture/equipment for ALA expansion	\$0.51
- 010000 Early Learning	\$3.00
- 010000 Specialized spaces	\$2.50
- 010000 Dual language immersion	\$1.00
- 010000 Purchase of vehicles	\$0.80
- 010000 Mariachi/Folklorico	\$0.20
- 010000 Declining enrollment	\$14.01
- 010803 Instructional Materials (Math adoption)	\$7.51



We Invest in Our People

- SAUSD offers very competitive compensation for all employee groups
 - We spend more on teachers and classified employees and less on administrators
 - Specifically for teachers as compared to seven large local districts:

Per student spending for salaries	1 of 7
Per student spending for benefits	2 of 7
Class size	2 of 7
Beginning teacher salary	3 of 7
Mid-career teacher salary	2 of 7
Maximum teacher salary	2 of 7
Overall commitment to teacher salaries	2 of 7



State Financial Forecasts May Improve

Currently, state revenue forecasts show slow progress to full implementation of the LCFF

- **We currently expect to make budget cuts to offset losses of revenue**
- **That could change; The Legislative Analyst's Office (LAO) just released its latest revenue forecast for 2018-19**
 - **The forecast exceeds the Governor's prior forecast and projects Prop 98 growth of \$5.3 billion for 2018-19**
 - **If accepted by the Administration, this would be a significant reversal in expectations**
 - **The LAO opines that the LCFF could be completely implemented in 2018-19, and more**
- **The 2018 Governor's Budget Proposals are weeks away, but could produce positive surprises**
- **Until the Governor speaks, we must stay with current forecasts**



Priorities and Expectations

- **For 2016-17 the District ending fund balance of \$106 million is 16%, statewide average is 17%**
 - **\$44 million is set aside for high priority programs within the \$106 million, leaving less than 10%**
- **Even if the state steps up the pace of implementation of the remaining LCFF funding, the negative trends identified previously will continue to create challenges for the district**
- **The LCFF model creates extreme volatility for districts like Santa Ana with large numbers of students who are entitled to services from supplemental and concentration grants**
- **It will be important to recast the districts financial projections after the Governor's January Budget is released**



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Thank you