



**Santa Ana**  
Unified School District

# **Budget Update**

***February 8, 2011***

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1. Impact of State Budget to SAUSD
2. Required Budget Reductions
3. Board Priorities
4. Next Steps



SAUSD has been required to make reductions to the budget each year beginning in 2004-05.

The cuts from 2004 through 2008-09 were predominantly due to declining enrollment and totaled **<\$120.6 million>**



Cuts in 2009-10 and 2010-11 totaled **<\$42.6 million>** of which \$20 million of the solutions were one-time uses of funds pushing the ongoing cut requirement to the following year



The current reductions required for 2011-12 are **<\$31.5 million>** which includes the \$20 million that were one-time solutions from 2010-11

The second year, 2012-13 will require an additional **<\$30.5 million>** in budget reductions

In the 9 year span beginning in 2004-05 SAUSD has been required to identify and implement over **<\$225.2 million>** in budget reduction solutions



Use **one-time** sources of funds such as ARRA or Jobs Bill to address reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next



Utilize **one-time fund balances** to address required reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next



An ongoing reduction: elimination or reduction of program; negotiated reduction; or reduction in staffing resulting in reduced expenditures.

Over 90% of the district budget is currently used to pay for staffing costs. 4



Required reduction assumptions are based upon the Governor's proposed budget and OCDE guidance

2011 – 12






- **\$31.5 million** in required reductions
  - **\$79/ADA** reduction in Governor's "flat funding" budget **<\$4 million>**
  - Additional Operating expenses for 2011-12 **<\$4 million>**
  - Required reductions of **\$38.5 million**

2012 – 13

- Additional **\$30.5 million** in required reductions
  - CSR Penalty flexibility continues \$11 million in revenue
  - Any **one-time** solutions for 2011-12 will increase the required reductions for 2012-13
  - Required reductions of **\$19.5 million**



\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
			<b>Plan B</b>
	Reductions required for 2011-12		<b>\$31.5</b>
	10-11 Base Revenue Limit <b><u>(one-time)</u></b>	\$13.8	<b>\$17.7</b>
	Jobs Bills <b><u>(one-time)</u></b>	\$8.3	<b>\$9.4</b>
	Health and Welfare negotiations	\$3.0	<b>\$6.4</b>
	Increase expenditures for 2011-12	<b>&lt;\$4.0&gt;</b>	<b>\$10.4</b>
	Loss of \$79/ADA 2011-12 Base Revenue Limit <b>(Plan B)</b>	<b>&lt;\$4.0&gt;</b>	<b><u>\$14.4</u></b>



- The 2010-11 District Budget was based upon the Governor's May revision budget proposals
- The State adopted the latest-ever budget in November 2010
  - This was almost 5 months into the fiscal year
  - An increase of approximately \$271/ADA, \$13.8 million was included for SAUSD
- SAUSD recorded this new, unexpected revenue, in the budget as revenue
  - The funds were placed into a designated reserve and not spend during the 2010-11 school year allowing them to be used **one-time** for 2011-12 budget reduction solutions







- One-time Federal funds
  - Must be used to maintain or create jobs
  - Must be expended by the end of 2011-12 school year
- For use as a **one-time** budget reduction currently funded positions must be reduced or eliminated to reduce budget required budget reductions for 2011-12 for one year by:
  - Allowing the continued employment of a group of employees for 2011-12 **(the employee group would not be funded for 2012-13)**
  - Or, to restore an ongoing negotiated reduction, such as furlough day, for a group of employees **(the reduction would occur in 2012-13)**





**Assumes \$14.4 million in unidentified reductions are made in 2011-12 (Slide 6)**

\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
	New Reductions required for 2012-13		<b>\$30.5</b>
	10-11 Base Revenue Limit ( <b>one-time</b> from 2011-12)	<b>\$13.8</b>	<b>\$44.3</b>
	Jobs Bills ( <b>one-time</b> from 2011-12)	<b>\$8.3</b>	<b>\$52.6</b>
	CSR Penalty Flexibility continues	\$11.0	<b>\$41.6</b>
	<b>One-time</b> Utilization of District Reserve funds (Fund 17 & 67)	\$13.5	<b><u>\$28.1</u></b>



- Utilizing one-time solutions in both 2011-12  
(Jobs bill & unexpected base revenue limit increase from 10-11)  
and 2012-13 (Fund 17 and Fund 67 reserve balances)  
SAUSD will still be required to make additional  
unidentified budget reductions of:
  - **\$14.4** million for 2011-12 (by March 8, 2011)
  - **\$28.1** million for 2012-13 (by December 13, 2011)



## 2009-10 & 2010-11 Board Priorities

- Ensure fiscal solvency
- Grade K-3 Class Size Reduction (CSR)
  - Continue to offer grades 1 and 2 CSR for two years through 2010-11 using categorical funds
- Preserve counselor and library services
- Maintain athletics and music programs
- Safety
- Minimize the impact of cuts to our employees
- Continue to provide elementary sites with support staff to ensure academic achievement



- What was saved and/or added:
  - Grade 1 & 2 CSR (23:1 in Grade 1 and 24:1 in Grade 2)
  - Counselors
  - Added Library Media Techs / Computer Aides / Site Clerks for all Elementary sites
  - Athletics
  - The Elementary Music Program
  - School Police and District Safety Officers
  - Nurses
  - Maintained A+ Bond rating
  - Obtained SP1+ Bond rating for district's proposed TRANs
  - Issued \$9 million TRANs to mitigate risk of being unable to meet payroll &/or vendor payments
  - CalSafe and ROP programs maintained
  - Preserved funding for future textbook adoptions
  - GATE / CAHSEE / AVID Support
  - Preserved some of our TOSAs (Teachers on Special Assignment)
  - Outreach Consultants for Secondary sites
  - Restored School Police positions to 12 months
  - Increased Elementary Office Assistants from 4 to 6 hour positions
  - All permanent, RIFed teachers were brought back and/or offered re-employment opportunities with the district.



# Santa Ana

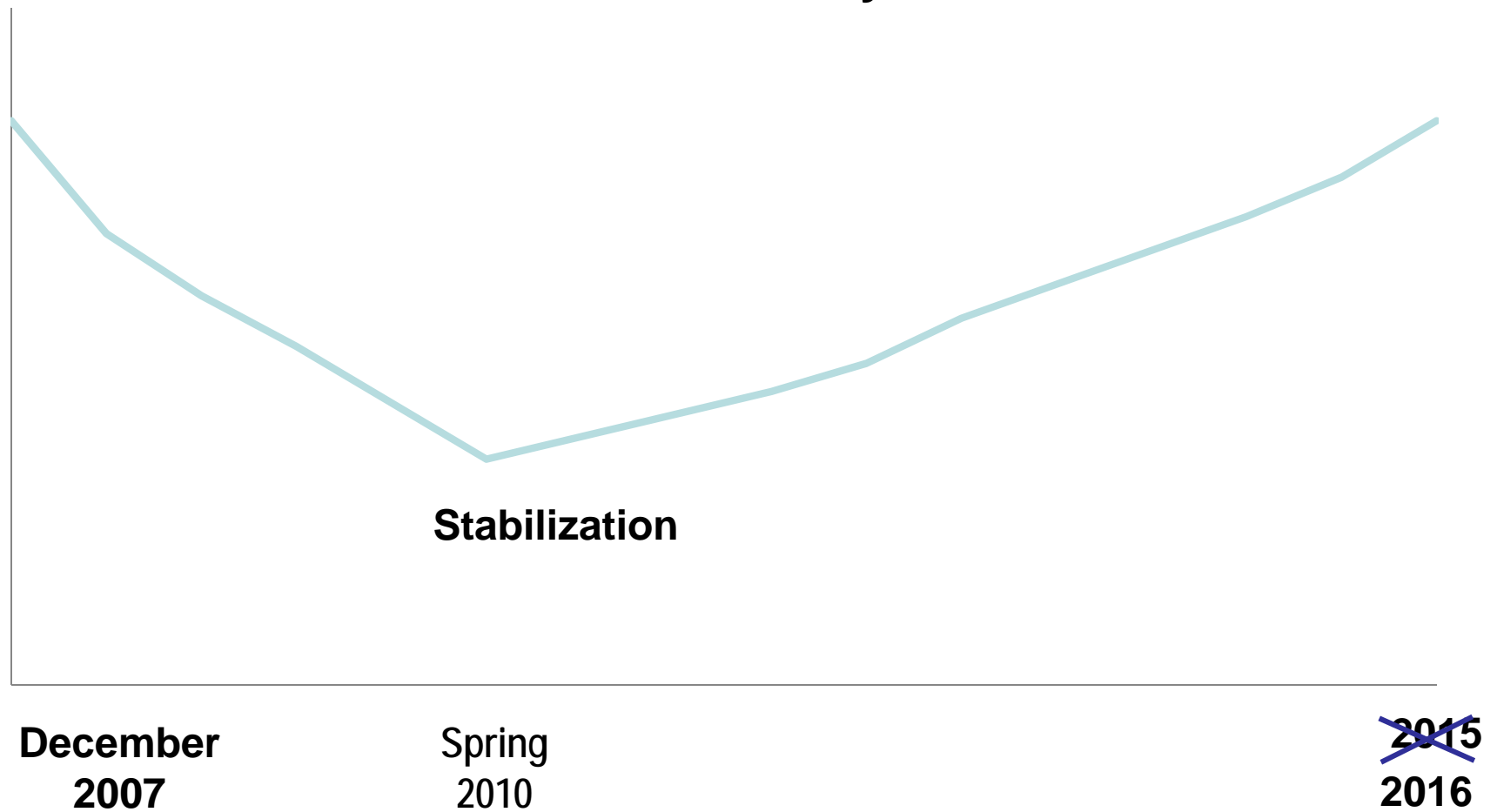
Unified School District

## Funding Sources and Cost of Board Priorities (for 2010-11)

Board Priority / Program	Funding	Total Amount (Unrestricted)	Total Amount (Restricted)	Total Amount (\$ in millions)
Class Size Reduction - Grade 1 @ 23:1; Grade 2 @ 24:1	EIA (98 FTE) encroachment	\$1.5	\$8.1	\$9.6 million
Counselors	General Fund (22 FTE) Site Title I (39 FTE)	\$2.5	\$4.7	\$7.2 million
Library Media Techs	Tier III (51 positions)	\$1.7		\$1.7 million
Athletics	General Fund	\$3.5		\$3.5 million
Music Program	Tier III (12.8 teachers & 6 accompanists)	\$1.9		\$1.9 million
School Police - 20 (including DSOs - 38 (& 5 Dispatchers)	Unrestricted, ARRA Stabilization & Title IV	\$4.85	\$0.75	\$5.6 million
Nurses (24 FTE)	Unrestricted & Central Categorical Funds	\$1.6	\$0.8	\$2.4 million
TOSA/Outreach Consultant Elementary (36); Secondary (24)	Site Title I – Elementary Site EIA – Secondary		\$4.0 \$2.8	\$6.8 million
Site “must have” Classified Staffing includes Site clerks, Registrar, Computer, Athletic Equipment Attendant	Tier III, General Fund, Site Title I, ARRA	\$9.3	\$0.6 \$1.1	\$11.0 million
<b>Total</b>		<b>\$26.85</b>	<b>\$22.85</b>	<b>\$49.7 million</b>



### The Economic Cycle





- 2011-12 unidentified budget reductions required = **\$14.4 million**
- 2012-13 unidentified budget reductions required = **\$28.1 million**

**One-time solutions are exhausted  
and remaining solutions are limited**



Board Priorities 2011-12 through 2015-16

- Ensure fiscal solvency (*legally required*)

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# NEXT STEPS





Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Feb 22	Budget Update
Mar 8	Presentation of Second interim Report Approval of 2011-12 Budget Reductions Reach Decision on CSR for 2011-12 & future years

