



Santa Ana
Unified School District

Budget Update

February 22, 2011

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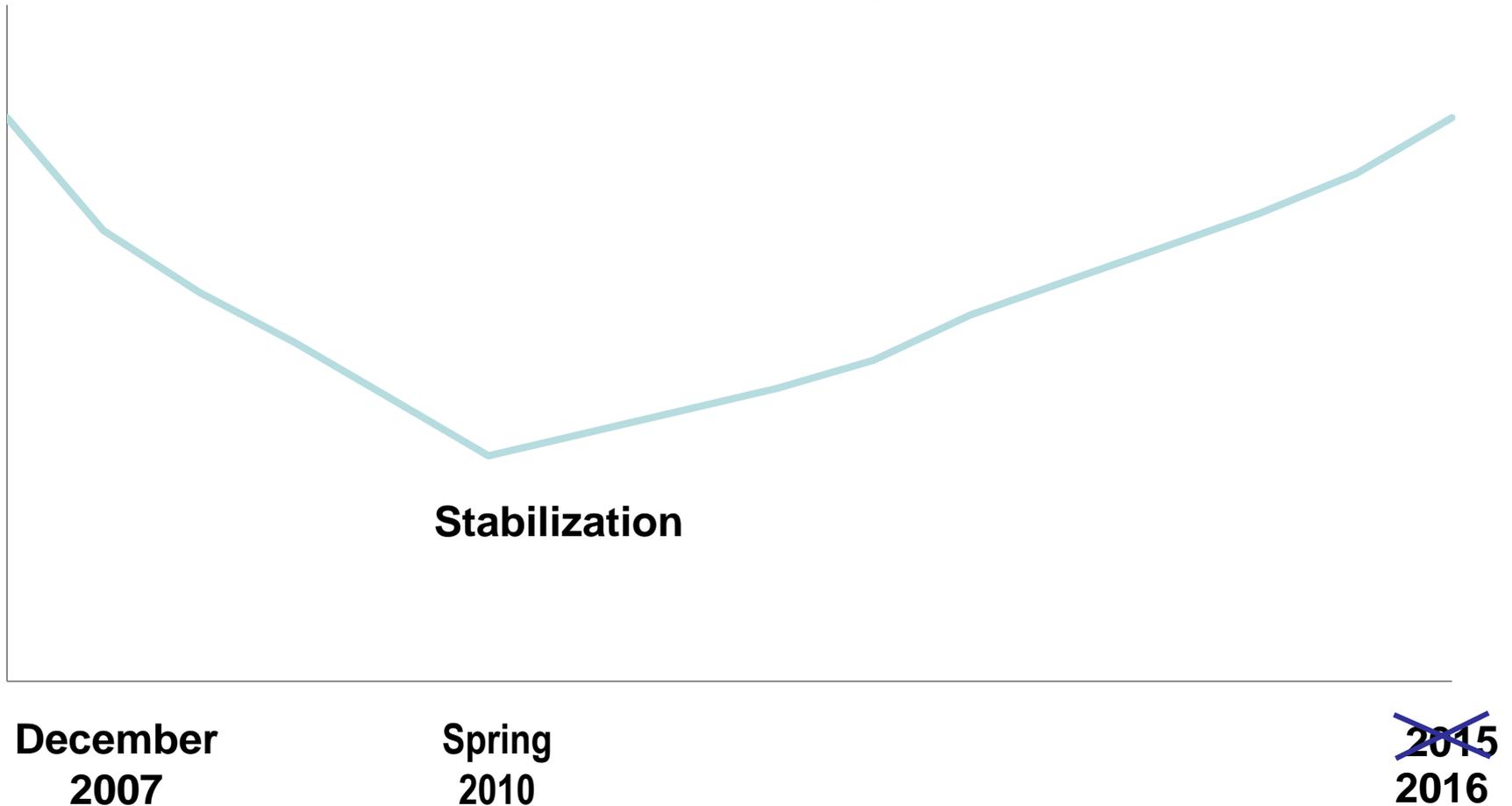
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1. Board Budget Priorities
2. Impact of State Budget to SAUSD
 - › Plan B – If the Governor's Proposed Tax Extension Passes
 - › Plan C – LAO Recommendations for an “all cuts” Budget
3. Additional Impact to SAUSD Budget - QEIA
4. Identifying Ongoing Budget Reductions
5. LAO Summary of Budget Actions by Districts
6. Next Steps



The Economic Cycle





Board Priorities 2011-12 through 2015-16



- Ensure fiscal solvency (*legally required*)
- Preserve staff
 - Continue to provide Elementary support staff
- Maintain integrity of programs
 - Continue to protect services to the most vulnerable students
- Find other ways to reduce expenditures
- Safety
- Maintain athletics and music programs
- Reduced class sizes in grades 1 & 2

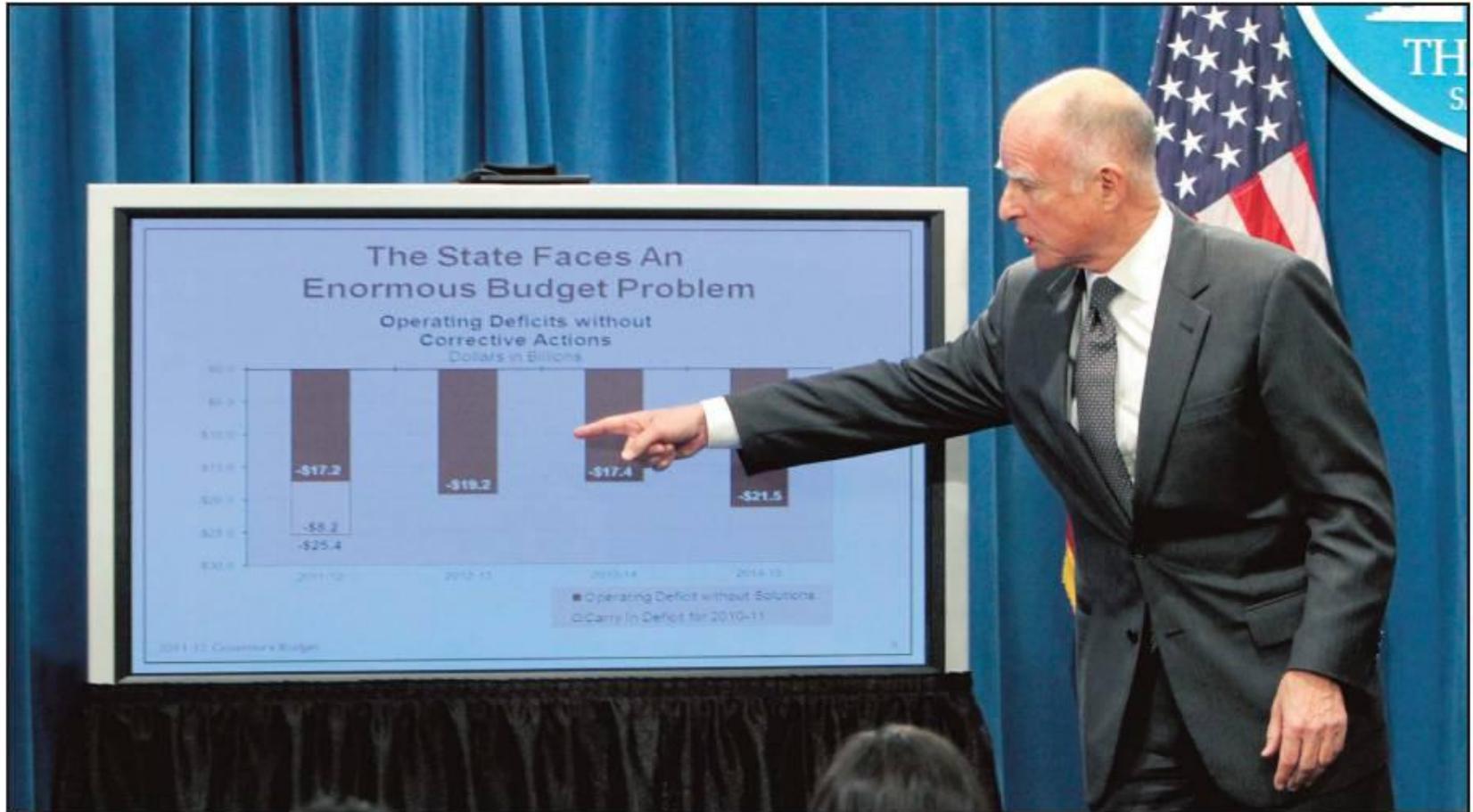


Use **one-time** sources of funds such as ARRA or Jobs Bill to address reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next

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. 5





\$ in millions

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



Assumes \$14.4 million in unidentified reductions are made in 2011-12 (Slide 7)

\$ in millions

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



- 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)



Santa Ana

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Plan C

Presented Jan 25, 2011 as Low Probability

- Voters reject the Governor's plan. Base Revenue limit reduced by approximately \$349 / ADA (**Plan B**)
- Governor further cuts K-14 education by \$4 - \$6 Billion (\$400 - \$670/ADA)

DISTRICT ACTION

- Cuts of approximately \$80+ million
- One time solutions for 2011-12 are not sufficient
 - One time use of jobs bill
 - All district reserve funds
 - Ongoing Health/Welfare savings (if any) and/or other reductions identified for 2011-12 in the range of \$40-50 million
- 2012-13 cuts will be about \$40 - \$50 million MORE to be identified with no reserves remaining to assist with unknowns





- In a **February 10, 2011** letter to State Senator Mark Leno the Legislative Analyst outlined **\$13.5 billion** in additional alternate budget-balancing options for the legislature **above and beyond \$12+ billion** that were proposed by the Governor in January
- Of the LAO recommendations **a suspension of Proposition 98** and an additional reduction to K-12 Education of **\$4.5 billion**





- Of the LAO recommendations **a suspension of Proposition 98** and an additional reduction to K-12 Education of **\$4.5 billion**

Additional Proposed K-12 Budget Actions	Potential Impact on SAUSD
Eliminate K – 3 Class Size Reduction (\$1.3 billion)	<p>\$16.5 – \$27.5 million in <u>ADDITIONAL</u> reductions for 2011-12</p>
Reduce K-12 Base Revenue Limit (\$0.8 billion)	
Change Kinder Start State for 2011-12 (\$0.7 billion)	
Eliminate State Support for Home to School Transportation (\$0.5 billion)	
Require use of EIA reserves and cut EIA by 20% (\$0.5 billion)	
Other reductions including elimination of QEIA Program (\$0.7 billion)	



- 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~~
 - \$30.9 - \$41.9 million for 2011 – 12
 - \$14.4 million to be identified by March 8, 2011
 - \$28.1 million for 2012-13 (by December 13, 2011)



\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
			Plan C
	Reductions required for 2011-12 Additional expenditures Loss of \$79/ADA Additional Loss of Revenue (Plan C)	< \$31.5 > < \$4.0 > < \$4.0 > < \$16.5 >	\$56.0
	10-11 Base Revenue Limit <u>(one-time)</u>	\$13.8	\$42.2
	Jobs Bills <u>(one-time)</u>	\$8.3	\$33.9
	Health and Welfare negotiations	\$3.0	\$30.9
	Potential Loss of QEIA revenue	< \$11.0 >	\$41.9



Assumes \$30.9 million in unidentified reductions are made in 2011-12 (Slide 14)

\$ in millions

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



- New guidance received **February 8, 2011** placed new restriction on QEIA implementation
- LAO suggested elimination of QEIA program in letter **February 10, 2011**
- 106 Certificated positions are projected for 2011-12 (\$11 million)
- In the best case scenario it is unlikely that QEIA will be funded in Santa Ana in 2012-13



- 2011-12 unidentified budget reductions required = ~~\$14.4 million~~
= **\$30.9–\$41.9 million**
- 2012-13 unidentified budget reductions required = **\$28.1 million**

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

- › Negotiated Reductions
- › Staffing Reductions
- › Program Reductions (limited to mostly summer and bell schedule)



- Sweep Instructional Materials (Tier III)
 - \$3 million ongoing
 - \$5 million one-time existing in designated reserves
- Eliminate Unrestricted Funding for High School Summer School
 - \$1 million ongoing
- Sweep Tier III ending balances
 - \$1 million one-time
- Reduce Reserve to 2%
 - \$15-20 million one time



- Class sizes K-3 have increased from 20-21 in 2008-09 to approximately 25 in 2010-11
- Grades 4 – 12 class sizes have increased about 3 or more per grade
- 60% of districts have reduced the school year (30% are already down to 175 days)
- 93% of districts have used all, or most, Tier III flexible funding to meet “any educational need”
 - The most common eliminated programs are Arts and Music, Community Based English Tutoring and High School Class Size Reduction
- **One-time** ARRA and Jobs Bill funding is being used by most school districts to maintain positions or reduce temporarily negotiated furlough days
 - ARRA funding expires at the end of the 2010-11 fiscal year
 - Jobs Bill funding expires at the end of the 2011-12 fiscal year



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Feb 22 March 1	Budget Update Board Budget Study Session
Mar 8	Presentation of Second interim Report Approval of 2011-12 Budget Reductions Reach Decision on CSR for 2011-12 & future years