



Santa Ana
Unified School District



2010-11 Budget Update and District Priorities

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1. May Revision Update
2. Current 2010-11 Projected Budget & MYP
3. Budget Issues and Priorities



- May Revision is only a proposal
 - Legislative approval is needed
- The State & national economy continues to be weak
 - State budget gap in excess of \$19 billion
 - Hoped for improvement in State revenues but has not yet materialized
- K-14 education funding at the minimum guaranteed level
- Cuts to Education roughly similar to January Governor's Proposal
 - Education “spared” from new cuts
 - Governor no longer specifying cuts to district administration and/or promoting contracting out of services
- However, significant cuts are proposed to health & social service programs:
 - \$750 million reduction to Medi-Cal
 - Elimination of the CalWORKs program



- Assembly Budget Subcommittee Proposal (Highlights):
 - Reject Governor’s cut to District revenue limits
 - Reject cuts to child care
 - Reject the negative COLA
 - Fund outstanding mandate claims (\$1.3 billion)
 - Fund a portion of the deficit factor
 - Shift some of the property tax revenue from local gov’t. to schools
 - Increase State general fund revenue by closing two corporate tax loopholes
 - Assume Legislative Analyst’s higher revenue estimate
- Senate Budget Committee Proposal (Highlights):
 - Reduce proposed revenue limit reduction in half
 - Reject the negative COLA
 - Move K-3 CSR to Tier III (but reduce funding by 20%)



- While the news appears favorable, there is still significant concern of additional cuts to Education given:
 - May Revise based on very uncertain revenue increase assumptions (i.e., assumes \$3.4 billion in Federal assistance for California)
 - Many proposed reductions are similar to ones proposed last year and not enacted by the State
 - Cuts to social welfare programs will be difficult to stomach
 - Strong opposition to any proposals to increase taxes
 - While there are signs of national recovery, California recovery still lags far behind (US unemployment rate of 9.9% vs. California's 12.6%)
 - 2010 is a major election year (raises uncertainty)
 - Possible court challenge over proposed reduction to CalWORKs and State worker pay cuts



- The 2010-11 Budget will be presented to the Board in June
- 2010-11 numbers shown as part of the Third Interim will undoubtedly change as:
 - Additional May Revise details are released
 - 2010-11 Budget development incorporates detailed review of positions, expenditures and programs while 2010-11 projections from the Third Interim are developed via a macro approach



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MYP using Third Interim Numbers
(including unspecified cuts)

<u>(\$s in millions)</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Beginning Fund Balance (at Second Interim)	\$93.2	\$81.1	\$53.8	\$31.9
Revenues	\$462.7	\$446.0	\$432.8	\$437.7
Expenditures (including Budget Reductions)	\$474.8	\$473.3	\$454.7	\$436.5
Net Increase/(Decrease)	(\$12.1)	(\$27.3)	(\$21.9)	\$1.2
Proj. Ending Fund Balance (at Third Interim)	\$81.1	\$53.8	\$31.9	\$33.1
Less: Other Designations (incl. Rev. Cash, etc.)	(\$2.8)	(\$2.8)	(\$2.8)	(\$2.8)
Unrestricted Reserves (incl. Instr. Materials, etc.)	(\$10.3)	(\$9.5)	(\$11.5)	(\$13.5)
QEIA Reserve	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)
One-time cuts / Budget shifts – Deferred	(\$23.0)*	---	---	---
Restricted Reserves	(\$7.5)	(\$4.2)	(\$3.9)	(\$4.0)
Desig. for Economic Uncertainties	\$37.5	\$37.3	\$13.7	\$12.9
Desig. for Economic Uncertainties %	7.9%*	7.9%	3.0%	2.9%
Add'l Unspecified Budget Cuts Needed	---	---	(\$26.0)	(\$30.0)

* Revised post 3rd Interim per Board authorization to utilize \$3.0 million in add'l Stabilization dollars as a reduction.



- 2010–11
 - \$34.0 million in approved budget reductions
 - \$23.0 million were one-time reductions
- 2011-12
 - \$26.0 million in reductions need to be identified by December 2010
- 2012-13
 - \$30.0 million in reductions (current projection)



Fund (all \$s in 000's)	2009-10 Second Interim	2009-10 Third Interim	Difference
Fund 11 - Adult Education	\$0	\$0	\$0
Fund 12 – Child Development	\$134	\$140	\$6
Fund 13 – Cafeteria	\$9,590	\$10,828	\$1,238
Fund 14 – Deferred Maintenance	\$0	\$0	\$0
Fund 17 – Special Reserve	\$9,537	\$9,537	\$0
Fund 21 – Building	\$0	\$41,360	\$41,360
Fund 25 – Capital Facilities	\$324	\$450	\$126
Fund 35 – School Facilities	\$0	\$9,881	\$9,881
Fund 40 – Special Reserve/Capital Outlay	\$498	\$1,808	\$1,310
Fund 49 – Capital Projects (COP)	\$188	\$2,290	\$2,102
Fund 51 – Bond Interest & Redemption	\$9,841	\$9,841	\$0
Fund 56 – Debt Service	\$13,414	\$13,414	\$0
Fund 67 – Workers' Comp/Self-Insurance	\$13,104	\$13,104	\$0



2009-10 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
 - Grade 1 @ approximately 23:1; Grade 2 @ approximately 24:1
- 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



2010-11

- ARRA Funding expires
 - Special Education staff paid with ARRA funds for increases in Autism and expansion of high incident programs remain
- Persistently Low Achieving Schools (PLAS) sustainability support requirements
 - Site plan development
 - Possibility of additional schools being identified
- Elementary and Secondary Education Act (ESEA) Federal reauthorization of NCLB
 - Accountability
 - Funding mechanism changes



2011-12

- **Class Size Reduction (CSR) Flexibility sunsets under current law**
 - Original penalty structure reverts back to 20.44 class size
- **Temporary tax increase sunsets at State level**



2012-13

- **Tier III Flexibility sunsets under current law**
 - Programs would need to be reinstated to receive funding
 - Much of this flexibility was utilized to staff “must have” classified support staff at school sites



Board Priorities

- Current 2009-10 Board priorities remain
 - With possible exception of CSR(?)
- District operational systems and strategic support of school site
- Secondary school support as identified by PLAS process
 - Student academic opportunity and choice
 - Student safety
 - Community connection and outreach
- Identify \$26.0 million in budget reductions by December 15, 2010