



**Santa Ana**  
Unified School District

# **State & District Budget Update**

***April 28, 2009***

**Jane A. Russo, Superintendent**

**Cathie Olsky, Ed.D., Deputy Superintendent**

**Ron Murrey, Associate Superintendent, Business Services**

**Kelvin Tsunezumi, Executive Director, Fiscal Services**

**Tony Wold, Ed.D., Director, Program Quality Analysis**



- State & District budget update - *“Setting the stage”*
- Define budget & expenditure priorities for 2009-10
- Reach agreement on site standardized staffing model & priorities
- Outline priorities (staffing / programs) for supplemental funding if available
- Finalize Staffing Reductions due to statutory deadlines



- The Legislative Analyst’s Office (LAO) reports State revenues \$8 billion less than originally projected
- There is a lack of public support for May 19<sup>th</sup> special election propositions
- The Governor’s application for Federal Educational Stabilization funding provides a funding “floor” for education
- State & County budget experts (including School Services of California) predict:
  - No additional budget reductions in 2008-09
  - Any further reductions will occur in 2009–10 and 2010–11.

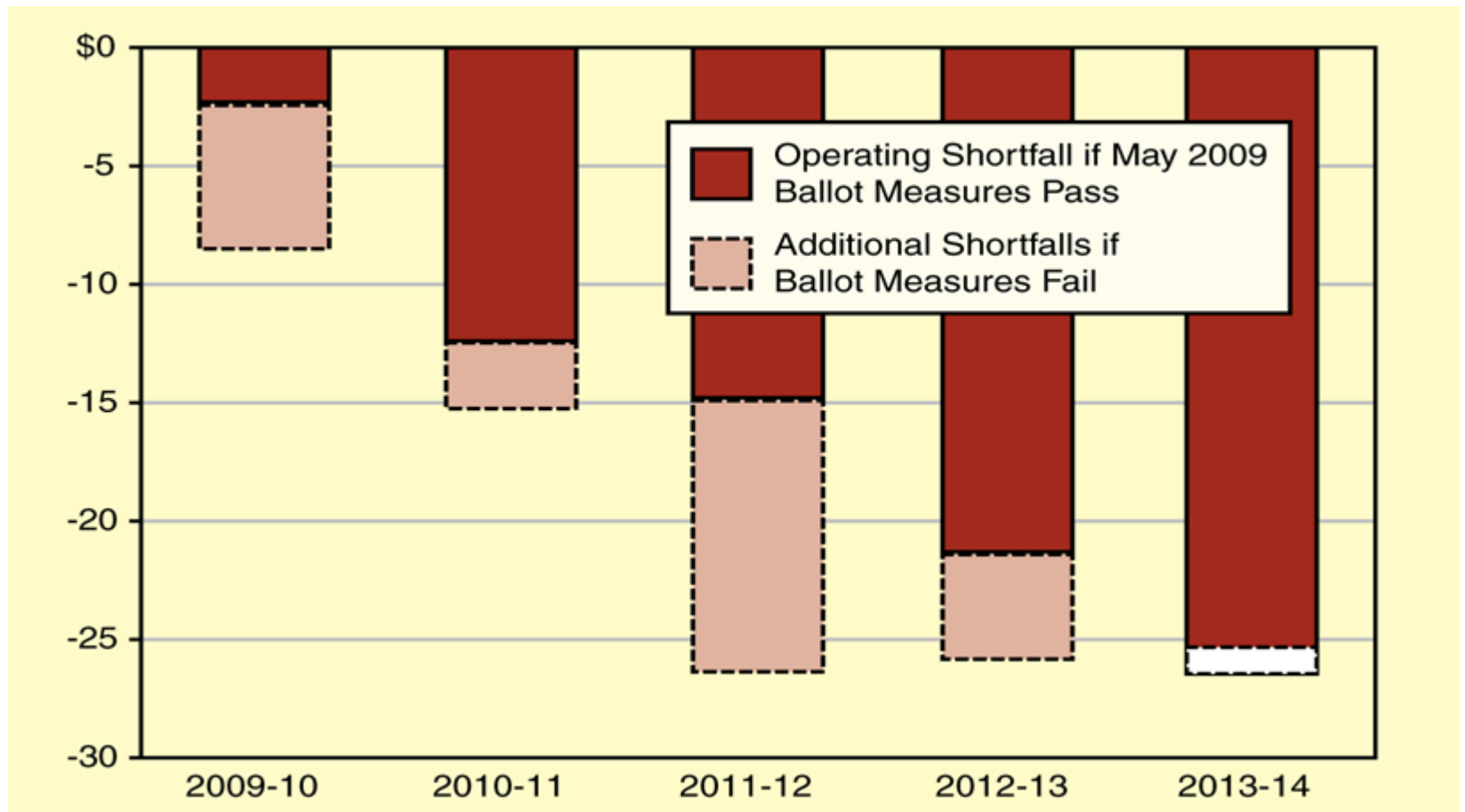


## Annual Percentage Change






(\$s in Billions)





Six Propositions on May19th Ballot:

Proposition	Description
1A: State Finance	Increases size of State's "rainy day" fund and requires above-average revenues to be deposited to it. Also extends sales tax for 1-2 year(s).
1B: Educational Finance	Requires supplemental payments of \$9.3 billion over time, commencing in 2011-12, in lieu of Maintenance Factor repayments related to 2008-09 & 2009-10.
1C: State Lottery 	Securitization of Lottery (\$5 billion)
1D: Children & Families Act	Temporarily redirects money to fund health and human services.
1E: Mental Health Services	Temporarily redirects money support mental health programs.
1F: State Officer Salaries	Prohibits salary increases for legislators if there is a projected negative balance.



### Do Other Organizations Support these Propositions?

Proposition	CSBA	ACSA	OCDE	CASH
1A: State Finance	No	Yes	No	Yes
1B: Educational Finance	Yes	Yes	*	Yes
1C: State Lottery	No	Yes	No	Yes
1D: Children & Families Act	No	Yes	*	*
1E: Mental Health Services	No	Yes	*	*
1F: State Officer Salaries	Yes	*	*	*

\* No stance taken



- Orange County Department of Education did not allow districts to include these funds in the 2<sup>nd</sup> Interim Report.
  - But additional information is trickling in daily regarding regulations & use of these funds.
- Any stimulus funds provided may be offset by State funding reductions
  - Mac Taylor, the State’s Legislative Analyst confirmed (in a conversation with District Staff) that his office is continuing to recommend that the Legislature “hold back” Federal Stimulus funds for State Budget needs.





- **Scenario “A” – Current 2<sup>nd</sup> Interim Budget**
  - State revenue projections (from 17 month budget) are on target
  - All Propositions pass
  - No Federal Stimulus Package relief for Education.
- **Scenario “B”**
  - State revenue projections are \$8 billion short of projections
  - All Propositions pass
  - No Federal Stimulus Package relief for Education.
- **Scenario “C”**
  - Same as Scenario “B” except assumes that all Propositions fail (with the exception of Proposition 1F related to Legislative pay)
- **Scenario “D” – Original Worst Case Scenario (?)**
  - Revenue projections worsen to \$15 billion (?)
  - All Propositions fail (with the exception of Proposition 1F related to Legislative pay)
  - No Federal Stimulus Package relief for Education.



- **Scenario “E” - Federal Assurance & State Education funding “floor”**
  - Governor signed Federal stimulus assurance (April 9<sup>th</sup>)
    - Establishes “floor” for State education funding at 2005-06 levels
    - “Floor” = at most a \$2 billion reduction to education in 2009-10
  - Federal Stimulus Package relief for Education
  - Worsening State deficit (per LAO forecast)
    - Addt'l -\$7 billion in 2010-11; addt'l -\$11 billion in 2011-12
  - All Propositions fail
- **Scenario “F” – Revised Worst Case (?)**
  - State forced to ignore Federal stimulus assurance & cuts education funding below the “floor”
  - State revenue projections are \$8 billion short of projections
  - All Propositions fail - a revenue loss of \$6 billion
  - Worsening State deficit (per LAO forecast)
    - Addt'l -\$7 billion in 2010-11; addt'l -\$11 billion in 2011-12
  - Federal Stimulus Package relief for Education.



	2008-09	2009-10	2010-11	2011-12
<b>State:</b>				
<b>Add'l State Shortfall</b> (including Proposition Failure)	n/a	n/a	<b>\$7 Billion</b>	<b>\$11 Billion</b>
<b>Est. Cut to Education (at 50%)</b>	n/a	<b>\$2 Billion *</b>	<b>\$3.5 Billion</b>	<b>\$5.5 Billion</b>

**SAUSD's Share:**

(all \$s in millions)

<b>New Cuts</b> (\$1 billion in State K-12 Education Cuts = \$9 million in SAUSD cuts)	---	<b>\$18.0</b>	<b>\$31.5</b>	<b>\$49.5</b>
<b>Cumulative New Cuts</b>	---	<b>\$18.0</b>	<b>\$49.5</b>	<b>\$99.0</b>

\* Cuts capped at \$2 Billion due to Federal Stimulus Assurance that establishes "floor" for State education funding at 2005-06 levels.



(all \$s in millions)	2008-09	2009-10	2010-11	2011-12
<b>Projected Addt'l SAUSD Cuts</b>	<b>\$0.0</b>	<b>&lt;\$18.0&gt;</b>	<b>&lt;\$49.5&gt;</b>	<b>&lt;\$99.0&gt;</b>
<b>Recommended Corrective Actions:</b>				
Utilize Federal Stimulus \$s	---	\$5.50 ?	\$2.50 ?	---
Utilize Reserves (Fund 17 & Fund 40 Exp. Adj.)	---	---	\$18.00	---
Utilize Remaining Tier III Funds	---	\$8.08	\$8.08	\$8.08
Anticipated Negotiation Savings	---	\$4.00	\$4.00	\$4.00
Unspecified Budget Reductions	---	---	\$13.50	\$13.50
<b>Total Corrective Actions</b>	<b><u>\$0.00</u></b>	<b><u>\$17.58</u></b>	<b><u>\$46.08</u></b>	<b><u>\$25.58</u></b>
<b>Excess / (Shortfall)</b>	<b>\$0.00</b>	<b>&lt;\$.42&gt;</b>	<b>&lt;\$3.42&gt;</b>	<b>&lt;\$73.42&gt;</b>
<b>Unrestricted Reserves</b>	<b>6.4%</b>	<b>5.5%</b>	<b>2.3%</b>	<b>-15.3%</b>



(all \$s in millions)	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues*	\$489.2	\$468.0	\$455.3	\$397.3
Expenditures*	\$509.6	\$475.1	\$469.9	\$482.7
Net Increase – Decrease	<b>(\$20.4)</b>	<b>(\$7.1) ^</b>	<b>(\$14.6) ^</b>	<b>(\$85.4) ^</b>
Unrestricted	\$5.0	<b>(\$6.5)</b>	<b>(\$15.0)</b>	<b>(\$85.1)</b>
Restricted	<b>(\$25.4)***</b>	<b>(\$.6)</b>	\$0.4	<b>(\$.3)</b>
Reserves (Economic Uncertainties)	6.4%	5.5%	2.3%	<b>-15.3%</b>

^ Includes anticipated negotiations savings

\* Includes Other Sources & Uses.

\*\* COLA Salary increases for these years (with the exception of CSEA for 2008-09) have not yet been negotiated and/or ratified and are thus not included. However, all revenues associated with COLAs for these years are budgeted as is the cost of step, column & longevity.

\*\*\* Deficit is due primarily to spending down of State categorical carryovers from prior years.



	2008-09	2009-10	2010-11	2011-12
<b><u>State:</u></b>				
<b>Add'l State Shortfall</b> (including Proposition Failure)	n/a	<b>\$14 Billion</b>	<b>\$7 Billion</b>	<b>\$11 Billion</b>
<b>Est. Cut to Education (at 50%)</b>	n/a	<b>\$7 Billion</b>	<b>\$3.5 Billion</b>	<b>\$5.5 Billion</b>

**SAUSD's Share:**

(all \$s in millions)

<b>New Cuts</b> (\$1 billion in State K-12 Education Cuts = \$9 million in SAUSD cuts)	---	<b>\$63.0</b>	<b>\$31.5</b>	<b>\$49.5</b>
<b>Cumulative New Cuts</b>	---	<b>\$63.0</b>	<b>\$94.5</b>	<b>\$144.0</b>



(all \$s in millions)	2008-09	2009-10	2010-11	2011-12
<b>Projected Addt'l SAUSD Cuts</b>	<b>\$0.0</b>	<b>&lt;\$63.0&gt;</b>	<b>&lt;\$94.5&gt;</b>	<b>&lt;\$144.0&gt;</b>
<b>Recommended Corrective Actions:</b>				
Utilize Federal Stimulus \$s	---	\$5.50 ?	\$2.50 ?	---
Utilize Reserves (Fund 17 & Fund 40 Exp. Adj.)	---	\$18.00	---	---
Utilize Remaining Tier III Funds	---	\$8.08	\$8.08	\$8.08
Anticipated Negotiation Savings	---	\$4.00	\$4.00	\$4.00
Unspecified Budget Reductions	---	---	\$13.50	\$13.50
<b>Total Corrective Actions</b>	<b><u>\$0.00</u></b>	<b><u>\$35.58</u></b>	<b><u>\$28.08</u></b>	<b><u>\$25.58</u></b>
<b>Excess / (Shortfall)</b>	<b>\$0.00</b>	<b>&lt;\$27.42&gt;</b>	<b>&lt;\$66.42&gt;</b>	<b>&lt;\$118.42&gt;</b>
<b>Unrestricted Reserves</b>	<b>6.4%</b>	<b>-0.2%</b>	<b>-16.8%</b>	<b>-43.3%</b>



(all \$s in millions)	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues*	\$489.2	\$441.0	\$392.3	\$352.3
Expenditures*	\$509.6	\$475.1	\$469.9	\$482.7
Net Increase – Decrease	<b>(\$20.4)</b>	<b>(\$34.1) ^</b>	<b>(\$77.6) ^</b>	<b>(\$130.4) ^</b>
Unrestricted	\$5.0	<b>(\$33.5)</b>	<b>(\$78.0)</b>	<b>(\$130.1)</b>
Restricted	<b>(\$25.4)***</b>	<b>(\$.6)</b>	<b>\$ .4</b>	<b>(\$ .3)</b>
Reserves (Economic Uncertainties)	6.4%	<b>-0.2%</b>	<b>-16.8%</b>	<b>-43.3%</b>

^ Includes anticipated negotiations savings

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\*\* COLA Salary increases for these years (with the exception of CSEA for 2008-09) have not yet been negotiated and/or ratified and are thus not included. However, all revenues associated with COLAs for these years are budgeted as is the cost of step, column & longevity.

\*\*\* Deficit is due primarily to spending down of State categorical carryovers from prior years.





- Preserve Counselor & Library Services
- Maintain Athletics & Music Programs (Urban Impact)
- Safety (Urban Impact)
- Minimize the Impact of Cuts to Our Students & Employees
- Provide Elementary Sites with Support Staff to Ensure Academic Achievement
- Ensure Fiscal Solvency
- Continue to offer K-3 Class Size Reduction (CSR)



## How do we get there?

- Critical actions needed:
  - Standardized Site Classified support positions \*
  - Standardized Site Certificated classroom and support positions \*
  - Restore supplemental Counseling Services
  - Restore Elementary music and support positions

\* Represents minimum level of site support staffing needed for a site to operate and/or to meet board priorities.



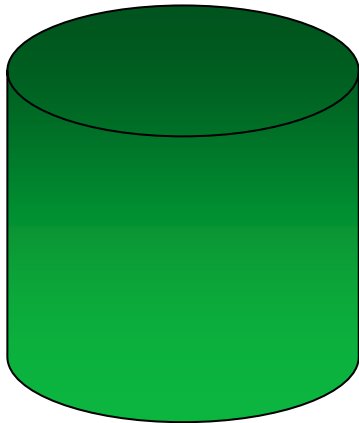
- Core Staff is paid with Unrestricted funds
  - **The amount of Unrestricted funds the District receives continues to be reduced by the State**
  - There is not enough “core” funding to adequately support schools
- Supplemental Staff is paid with Categorical funds
  - **The amount of Categorical funding the District receives continues to be reduced (by both the State & Federal gov't)**
  - Some of the Federal Stimulus still comes with restrictions and can only be used for supplemental purposes
- Federal Stimulus & Tier III flexibility is a one time solution.



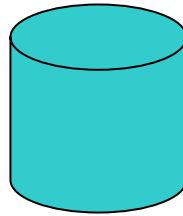
## Funding Sources

The District Receives Ongoing Revenue From Several Funding Sources

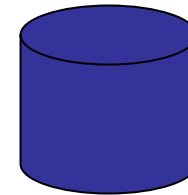
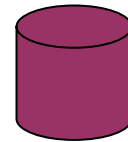
### General Fund



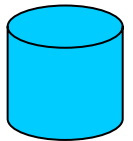
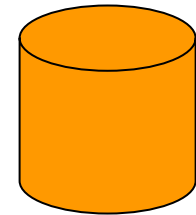
### Ongoing Federal Title I, II, III, IV



### State Categorical EIA and Tier III



### Measure G & State Match Programs for Construction (ORG, COS, MOD, EMRP)

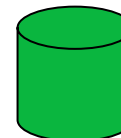


In the Coming Year the District Should Receive Federal Stimulus Funding

### Title I & Stabilization



### Facilities \$ Direct to largest 100 School Districts



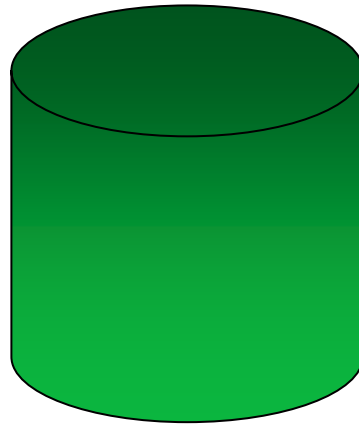


## General Fund

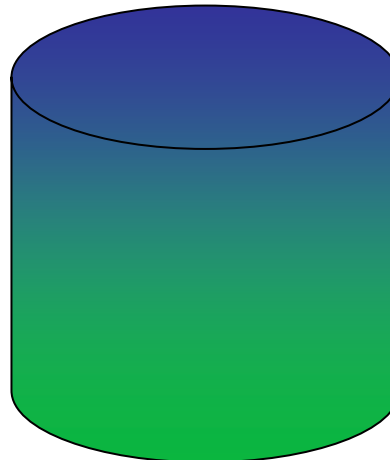
- **Base Staffing and Operations**
  - Classroom Teachers
  - Administration
  - Clerical Staff
  - Computer and Library Technicians
  - Custodial and Maintenance Staff
  - School Police and District Security Officers
  - Core materials and supplies
  - Athletic and Extra-curricular Programs
  - Transportation
  - Utilities



**General Fund**

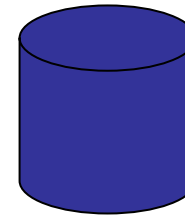


**Base Funding  
Available for  
Staffing 2009-10**



Tier III Categorical Funds

2008 - 2012



Note: includes one-time Tier III transfers



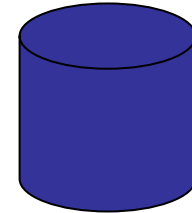
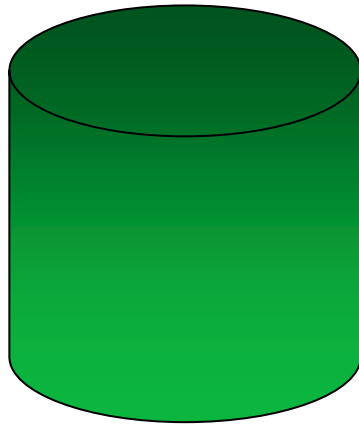
**General Fund**

Federal Stimulus

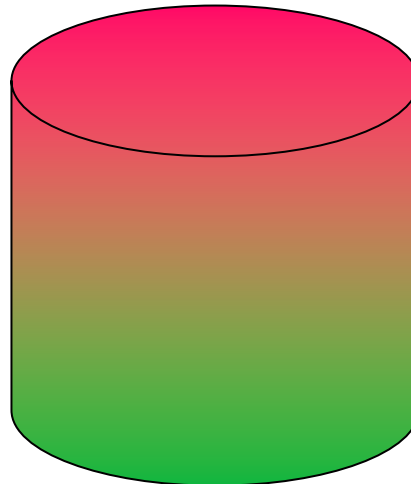
A Portion of Stabilization and Special Ed may be used as one-time funds

Tier III Categorical Funds

2008 - 2012



**Base Funding Available for Staffing 2009-10**



Note: includes one-time transfer. Amount available will be **reduced** in future years



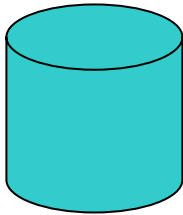
## **Restricted Categorical Funds** (Federal Title I, II, III, IV and State EIA) Must Follow No Child Left Behind Guidelines

- **Supplemental Programs For At-Risk, Socio- Economically Disadvantaged Pupils and English Language Learners**
  - Supplemental Teachers (out of classroom support)
  - Supplemental Counselors
  - Interventions and tutorials
  - Staff Development
  - Class Size Reduction Teachers
  - Supplemental Instructional Materials
  - Instructional Assistant (computer)
- **Can NOT be used for core positions**
  - Clerical Positions
  - Library Media or Computer Technicians
  - Music Programs
  - Administration

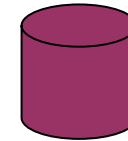




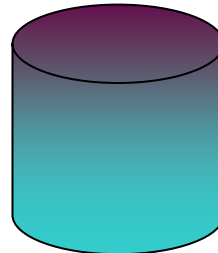
**Ongoing Federal  
Title I, II, III, IV**



**State Categorical  
EIA**

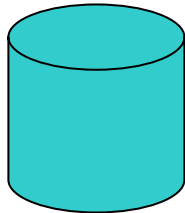


**Supplemental Categorical  
Funds Available for Staffing  
2009 -10**

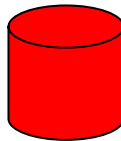




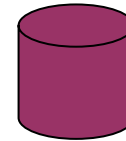
Ongoing Federal  
Title I, II, III, IV



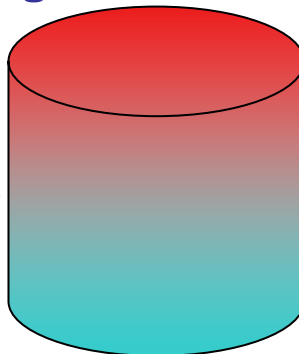
**ONE TIME  
SUPPLEMENTAL  
Stimulus:**  
Title I & Stabilization



State Categorical  
EIA



Supplemental  
Categorical Funds



Note: includes one-time funding transfers. Amount available will be **reduced** in future years



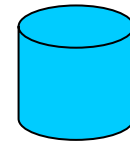
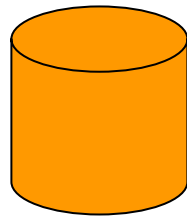
## **Facilities**

- **Brick and Mortar Projects:**
  - **Critical Overcrowding Building Program**
  - **Overcrowding Relief Grant Building Program**
  - **Modernization Building Program**
  - **Emergency Repair Building Program**
  - **Measure G Building Program**
- **Can NOT be used for**
  - **General Fund Salary**
  - **General Fund expenses**

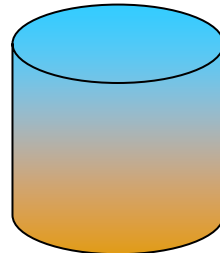


**Measure G**

**State Match Programs for  
Construction  
(ORG, COS, MOD, EMRP)**



**Total Funding For  
Construction Projects**





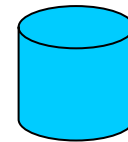
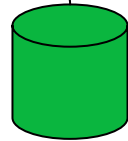
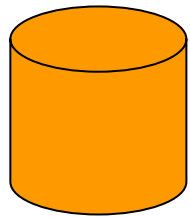
**Santa Ana**  
Unified School District

**Facilities Funding** w/ Direct  
Federal Construction Stimulus  
(can not be used for Salaries)

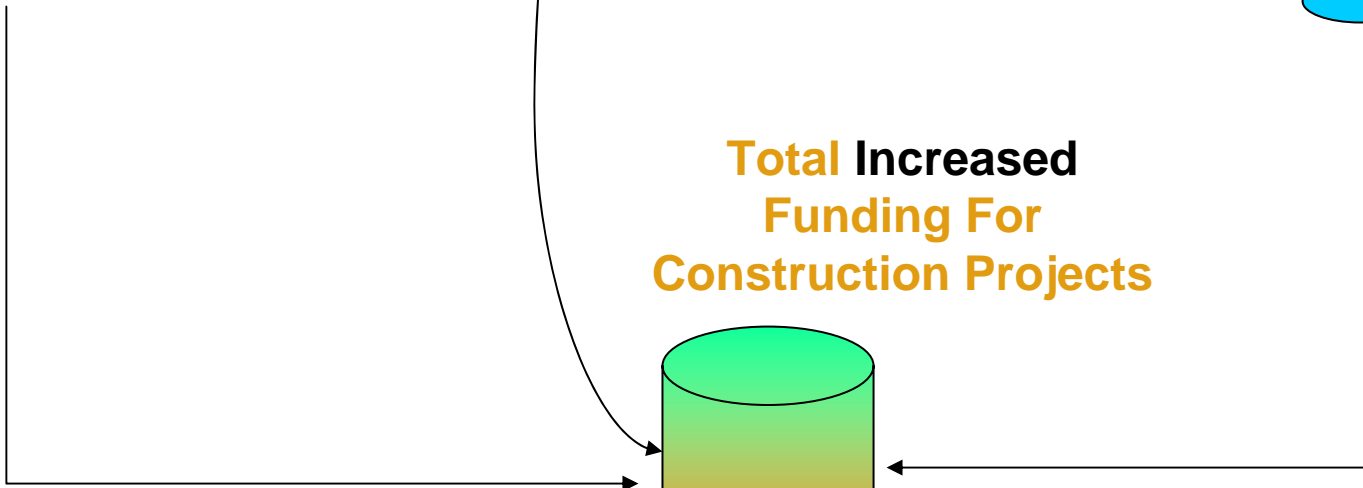
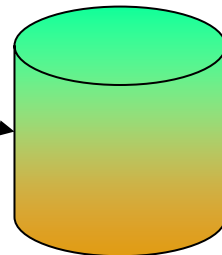
**Measure G**

Federal Stimulus Direct to  
largest 100 School  
Districts

State Match Programs for  
Construction  
(ORG, COS, MOD, EMRP)



**Total Increased  
Funding For  
Construction Projects**

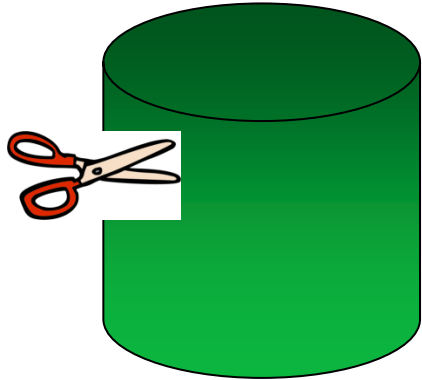




- The Governor's application for Federal Stabilization \$s established a "floor" at 2005-06 education funding levels.
- There is concern that State 2009-10 revenues may fall and cause mid-year reductions that cuts funding below the "floor" (after both parts of Stabilization funding have been received).
- LAO projections indicate that further cuts may occur in 2010-11 and in subsequent years.

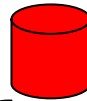


**General Fund –  
reduced by State**

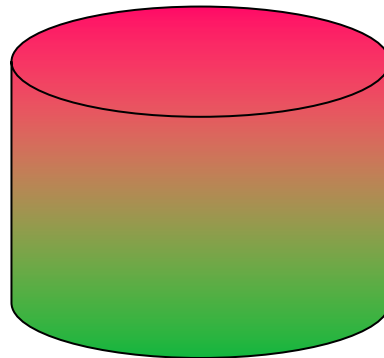


Federal Stimulus

A Portion of Stabilization and Special Ed  
may be used as one-time funds

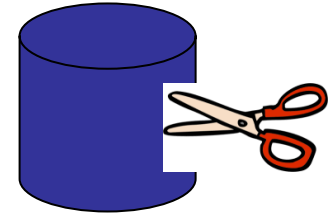


**Base Funding  
Available for Staffing  
2009-10 now reduced  
even with Stimulus**



Tier III Categorical Funds  
2008 - 2012

**reduced by State**



Note: includes one-time funding  
transfers. Amount available will  
be **reduced** in future years

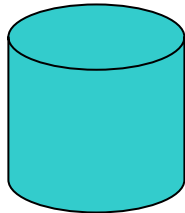
# STATE BUDGET CUTS WITH STIMULUS



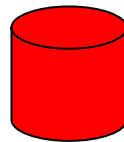
**Santa Ana**  
Unified School District

**Restricted Categorical Funds**  
With Federal Stimulus  
& **ADDITIONAL STATE CUTS**  
Follows NCLB Requirements

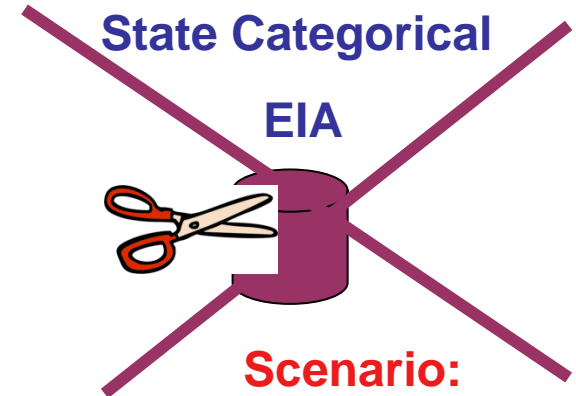
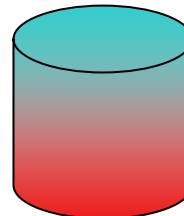
Ongoing Federal  
Title I, II, III, IV



**ONE TIME  
SUPPLEMENTAL  
Stimulus:**  
Title I & Stabilization



Supplemental Categorical  
Funds available for staffing  
in 2009-10 may be **Reduced**



**Scenario:**  
State EIA is cut due  
to Fed Stimulus  
As done by the State  
in the past

Note: includes one-time funding  
transfers. Amount available will  
be **reduced** in future years





- **Corrective Action Plan Agreements:**
  - Agreement on site standardized support:
    - Site Classified support positions
    - Site Certificated classroom and support positions
    - Supplemental Counseling Services
    - Elementary music and support positions
  - Make all necessary fund transfers to build 2008–09 General Fund Reserve for potential mid-year reductions in 2009-10
  - Maximize use of Federal on-going categorical funds to meet Board Priorities for 2009–10
  - Continue to work with associations to achieve negotiation savings
  - Reserve funds (EIA) for supplemental programs and/or staffing based on State May/June revision
  - Continue with statutory notification for positions pending June revision.



- Principal
- Assistant Principal &/or supplemental teacher (based on enrollment)\*\*
- Office Manager
- Plant Custodian
- Team Cleaning
- Part-time Library Media Tech\*\*
- Part-time Office Assistant / Site Clerk\*\*
- Part-time Instructional Assistant Computer (Mind Research Math Program)\*\*
- Elementary Music Program maintained\*\*

\*\*Positions supported by Categorical Funding or flex allocation in 2008-09



- Principal
- Assistant Principals
- Office Manager
- Plant Custodian
- Night Custodial
- Counseling\*\*
- Library Media Tech – 6 hours\*\*
- Registrar\*\*
- Attendance Technician
- Office Assistant
- Computer Tech – 6 hours\*\*
- Additional Part-time Office Assistant / Site Clerk\*\*
- District Safety Officer

\*\*Positions supported by Categorical Funding or flex allocation in 2008-09



- Principal
- Assistant Principals\*\*
- Office Manager
- Plant Custodian
- Night Custodial
- Counseling\*\*
- Higher Education Coordinator\*\*
- Certificated Librarian
- Library Media Technician – 6 hours\*\*
- Accompanist support\*\*
- Registrar
- 2 Office Assistants\*\*
- Attendance Technician
- Athletic Trainer
- Athletic Fields Groundskeeper
- Athletic Equipment Attendant II\*\*
- Computer Technician\*\*
- School Account Clerk\*\*
- Stage Manager\*\*
- District Safety Officers
- Part-time Site Clerks (2)\*\*

\*\*Positions supported by Categorical Funding or flex allocation in 2008-09



**Santa Ana**  
Unified School District

**What will be Missing in 2009-10?**



- Out of Classroom Support Staff
  - Over 100 positions reduced
- Additional Interventions and Tutorials
- Staff Development
  - Substitutes
  - Training Costs
- Additional supplemental materials
- Conferences / Consultants
- 9<sup>th</sup> Grade Morgan Hart CSR
- Grades 1-3 CSR Class size maximum



**ONCE THE BUDGET STABILIZES....**

**AND FEDERAL STIMULUS AND/OR  
SUPPLEMENTAL FUNDING (EIA)**

AVAILABILITY IS KNOWN, THE DISTRICT  
MAYBE ABLE TO RESTORE SUPPLEMENTAL  
PROGRAMS AND STAFF BASED UPON  
BOARD PRIORITIES AND SITE NEEDS



**Santa Ana**  
Unified School District

# **Staffing Reductions for 2009-10**





## Potential Certificated Staffing Reductions

Scenario A  
March 10, 2009

Scenario E & F  
April 28, 2009

Eliminated Program	# Affected Employees (max estimate)	Revised Affected Employees
Out of Classroom Certificated	192	183
QEIA Teachers	75	75
Nurses	2	0
Eliminated Programs (9 <sup>th</sup> Grade CSR)	36	36
<b>Counselors</b>	<b>30</b>	<b>0</b>
<b>Elementary Music</b>	<b>14</b>	<b>0</b>
<b>Class Size Reduction Teachers</b>	<b>232</b>	<b>232</b>
<Retirements>	<51>	<76>
<b>Total Certificated Teacher notices</b>	<b>530</b>	<b>450</b>

**BOLD** positions part of Board of Education Priorities



## Initial Classified Staffing Reductions

Scenario A  
March 10, 2009

Scenario E & F  
April 28, 2009

Classification / Eliminated Program	# Affected Employees (max estimate)	Revised # of Affected Employees (max estimate)
Instructional Assistants / SSP (Not Special Ed)** (IA Bilit, IA Computer, IA Reading, Science Lab, SSP Bilit)	91	71
<b>Library Media Techs</b>	<b>40</b>	<b>0</b>
<b>Supplementary Office Staff / Computer Techs</b>	<b>55</b>	<b>0</b>
<b>Accompanists</b>	<b>7</b>	<b>0</b>
Community Workers	8	7
Other Classified positions (Estimate – TBD)	58	44
Standardized Staffing – positions that will have <b>reduced hours (benefits will be maintained)</b>	0	50**
<b>Total</b>	<b>259</b>	<b>172</b>

\*\*Vacancies currently exist for Instructional Assistants within Special Education

Standardized staffing **will create vacancies** in several classifications reflected above



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