



Budget Update

August 25, 2009

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- State of California Budget Outlook
- Board Priorities in the 2009-10 Budget
- August 19th Special Board Meeting Recap
- Multiyear Projection



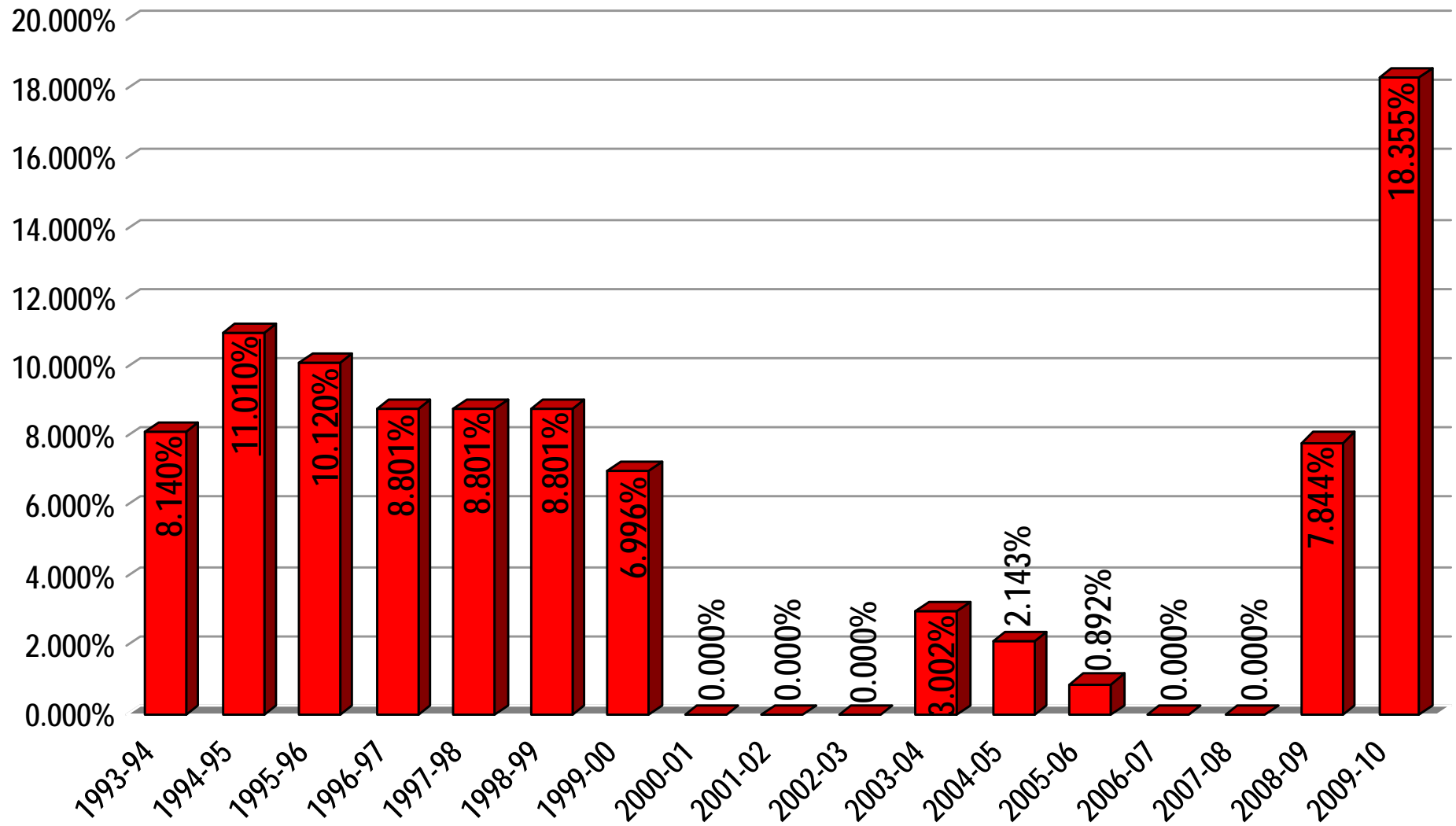
Santa Ana
Unified School District

State of California Budget Outlook

The following slides are courtesy
of School Services of California

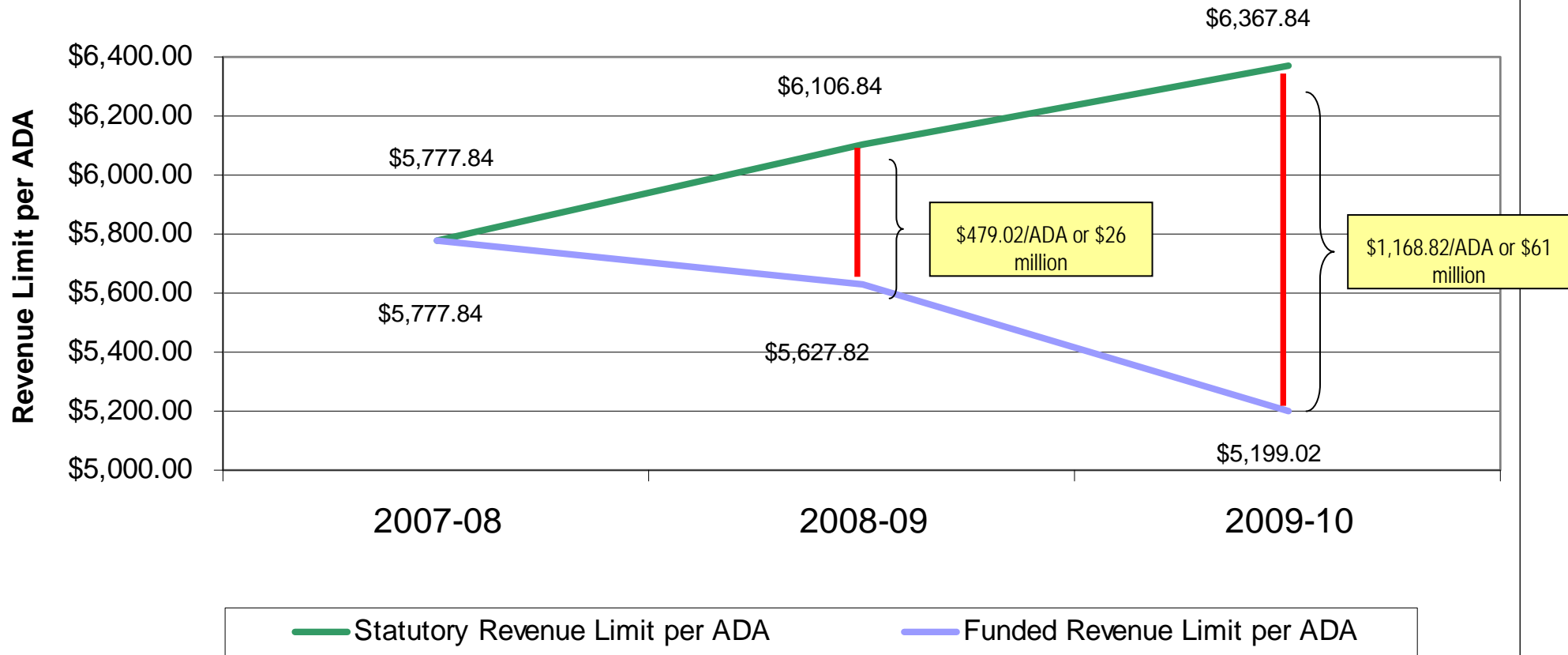


Revenue Limit Deficit Factors





Revenue Limit Comparison for Santa Ana Unified





Santa Ana
Unified School District

CASH FLOW



The State will pay the District, not on Tuesday but several months later, for money they owe us!

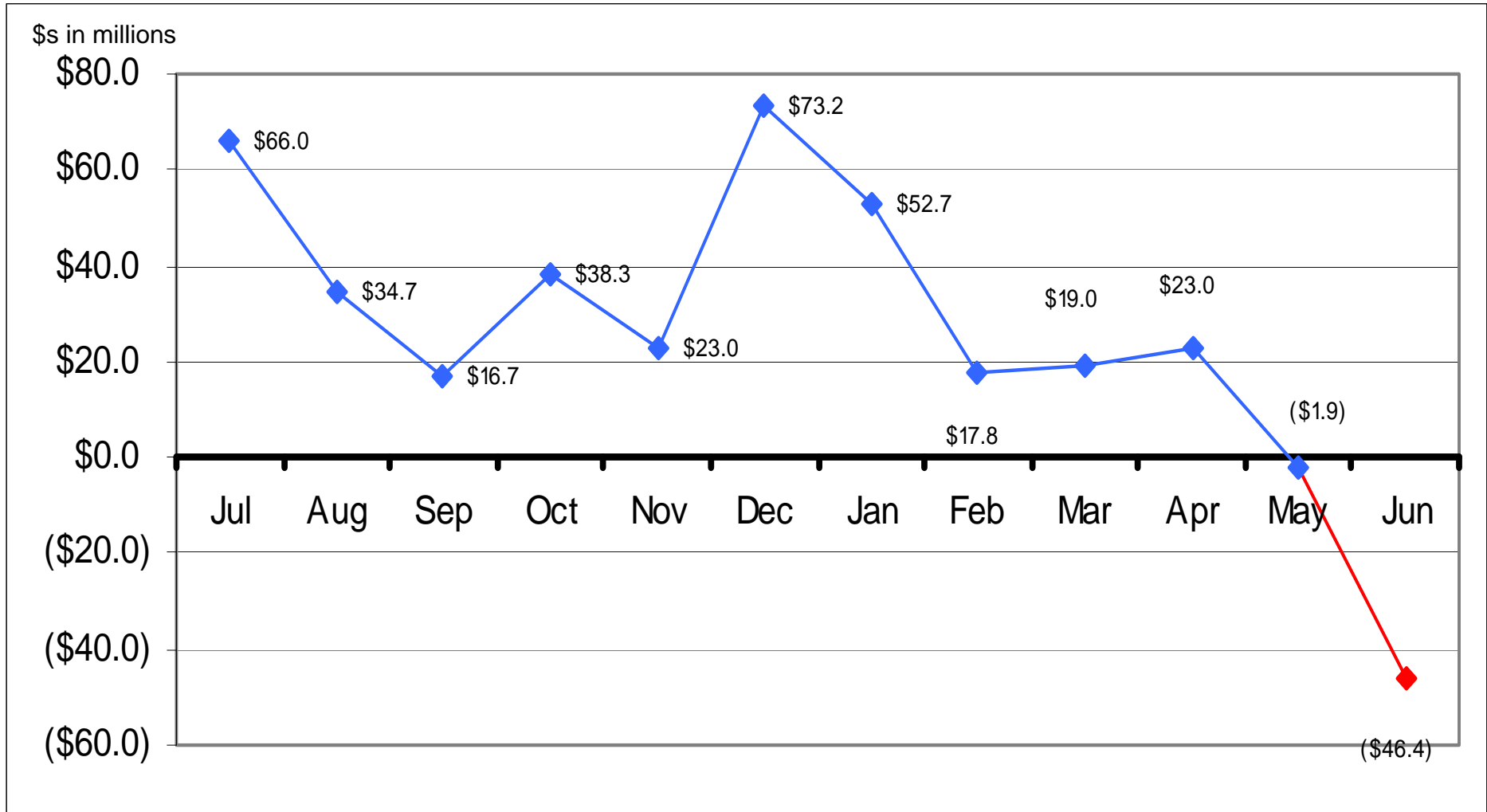
They will pay us late even though we have obligations such as payroll, vendor invoices that must be paid on a timely basis.



State Cash Deferrals

- Potential interest income lost (assuming a 2% rate): \$422K (or \$35K/mo.), plus the cost of borrowing the money needed if District reserves are too low to cover the shortfall.

2009-10 State payment Deferrals	Cash	From / To	SAUSD \$ Amount of Deferral
Revenue Limit Deferral		From July 2009 to Oct. 2009	\$7 million
Revenue Limit Deferral		From Aug. 2009 to Oct 2009	\$9 million
Revenue Limit Deferral		From Nov. 2009 to Jan 2010	\$8 million
Revenue Limit Deferral	**New**	From Feb. 2010 to July 2010	\$15 million
Revenue Limit Deferral	**New**	From April 2010 to Jul 2010	\$5 million
Revenue Limit Deferral	**New**	From May 2010 to Aug 2010	\$8 million
Revenue Limit Deferral		From June 2010 to July 2010	\$15 million
Revenue Limit Deferral	**New**	Apportionment % Change - From Quarter 1 to Quarter 2 - From Quarter 1 to Quarter 4 - From Quarter 3 to Quarter 4	\$7 million \$4 million \$4 million
Total			\$82 million





- There are legitimate concerns regarding the potential for further cuts to revenue limit funding
- School Services has raised these concerns with the Governor's Office and others
 - We anticipate that there will be a solution that makes a cut to budgets, but avoids revenue limits
 - Federal funding would still be used to provide replacement support
 - Clean-up legislation is required (including QEIA) – awaiting return of the Legislature from its summer recess





- With the QEIA Revenue Limit Reduction in the State's July budget the District's reserve is lowered.

Multi-Year Projections (AB1200)

<u>Unrestricted Reserves</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
June 30, 2009 Adopted budget	5.8%	2.8%	2.5%	2.6%
July 24, 2009 Revised budget	5.8%	0.5%	0.0%	0.1%

Remember the new budget changed the minimum reserve from 2% to 0.67%. The projected reserves will cause negative budget certifications.



- Reserve Policy – School Services of California states that it makes no sense for districts to cut reserves to the 0.67% passed by the State.
 - It is one-time money and there is no indication there will be any additional money to replace it next year
 - To the contrary, it is clear that the State will be making more cuts and that education may be cut more
 - Lack of reserves leads to crisis with no opportunity to develop good solutions
- **School Services of California advises districts to:**
 - Plan your budget to maintain the full reserve; if surprises occur during the year, spend down the reserve, and act to restore it immediately



- ✓ 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
- ✓ Grade 1 CSR (23:1) - July 14, 2009
- ✓ Grade 2 CSR (24:1) - August 19, 2009



ELEMENTARY SCHOOLS

- Grade 2 CSR at 24:1 using ongoing EIA funds for two years
 - (2009-10 and 2010-11)

SECONDARY SCHOOLS

- Restored 15 ELD Coordinator positions at using ongoing EIA funds
- Restored 7 Outreach Consultant positions using ongoing EIA funds
- Funded support for AVID and CAHSEE and Intervention using ongoing EIA funds

DISTRICT SERVICES

- Restored School Police officers to 12 months using ARRA – Fiscal Stabilization.



(\$s in millions)	Funding Source	Amount	Headcount	FTEs
18 Police Officer Positions restored to 12 months	Stabilization	\$0.2	---	1.5
Increased Substitute Costs	Stabilization	\$7.4	94	93.9
Increased Special Ed Costs	Stabilization	\$7.0	Tbd	Tbd
Occupational / Physical Therapists	IDEA	\$0.4	4	4.0
Cert. Occupational Therapy Assistants	IDEA	\$0.3	5	5.0
Instructional Assistants (Severely Disabled, DHH Work Training, SSP)	IDEA	\$0.2	6	3.9
Special Ed Teachers (Mild/Moderate & Moderate/Severe)	IDEA	\$0.2	3	3.0
Total		\$15.7	112	111.3



Outreach Consultants-paid by EIA

- Secondary Outreach Consultants met with district staff on Monday, August 24th to build a support model for all Secondary Sites
- Positions will work under the direction of Pupil Support and support a cluster of sites (based upon feeder patterns)
- Emphasis will be on Grade 6 and 9 along with dropouts and family attendance issues
- Clusters (position will be based at the Intermediate site and travel to the High Schools)

1	Carr
2	Spurgeon

Valley
Lorin Grisct

3	Sierra
4	Lathrop

Century

5	Willard
	Sierra

SAHS
Chavez

6	McFadden
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Saddleback

7	MacArthur
	McFadden
	Mendez

Godinez
Segerstrom



Summary of Categorical Funds Available

(\$s in millions)	Original Available Amount	Amount Used (8/19/09)	Revised Available Amount	Comments
ARRA Stabilization	\$4.9	<\$0.2>	\$4.7	Utilized to increase police officers to 12 month positions. Recommendation for Balance: Utilize for cash flow, reserves and funds for QEIA related revenue loss.
ARRA IDEA	\$0.0	\$0.0	\$0.0	
ARRA Title I – Elementary	\$1.6	\$0.0	\$1.6	Recommendation for Balance: Utilize for site educational priorities. Approx \$45K/site, some as low as \$28K
ARRA Title I – Secondary	\$1.6	\$0.0	\$1.6	Recommendation for Balance: Utilize for site educational priorities. Approx \$100K/site, some as low as \$70K
EIA (ongoing) - Elementary	\$4.1	<\$4.0>	\$0.1	Utilized for Grade 1 & 2 CSR. Recommendation for Balance: Utilize for site educational priorities. Less than \$3K per site.
EIA (ongoing) - Secondary	\$6.8	<\$4.3>	\$2.5	Utilized for ELD Coordinators, Outreach Consultant / AVID / CAHSEE and intervention support. Recommendation for Balance: Utilize for site educational priorities. \$140K per sites have no balance.
Total Available	\$19.0	<\$8.5>	\$10.5	The balance would be \$5.8M after Stabilization funds is moved to reserves.



(\$s in millions)	Original Available Amount	Amount Used (8/19/09)	Revised Available Amount	Comments
(QEIA) Revenue Limit Cut	<\$11.0>	\$0.0	<\$11.0>	Budget reductions are required.
Fund 17	\$9.5	\$0.0	\$9.5	Hold for mid-year budget reduction
Fund 40	\$2.0	\$0.0	\$2.0	Hold for mid-year budget reductions
Restricted Categorical Funds	\$9.0	\$0.0	\$9.0	Restricted balances from QEIA, Instructional Materials



Ongoing discussion needed:

- Federal Funds remaining to be used in 2009-10. **ARRA Title I \$3.2M**
 - \$1.6M Elementary and \$1.6M Secondary
- Elementary – The total cost of 3.75 hr instructional aides for Grade 3 is \$2.64M. There are ARRA Title I funds totaling only \$1.6M.
 - One aide per 3rd grade classroom hired first from the rehire list (60) would cost \$29K (includes benefits) for a total of \$1.2M. And then (80) (without benefits) at \$18K = \$1.44M.
The 140 FTE= \$2.64M
- Secondary - site priorities for remaining categorical fund balances to be discussed with site principals.
- District - determine funding sources to backfill the current year projected \$11 million shortfall as a result of QEIA. Use remaining ARRA Federal Stimulus balances as well as Fund 17 and/or 40 balances.
- District - identify \$33 million in ongoing budget reductions for 2010 – 11 by December 15, 2009 to remain fiscally prudent and financially solvent



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