



Santa Ana
Unified School District

Enrollment & Budget Update

April 26, 2011

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- Current Enrollment and 2011-12 Projections
- State Budget Update
- District Budget Reductions
- Next Steps



Enrollment as of April 11, 2011

Does not include Charter Schools

| | 2010 – 11 Projected Enrollment | Actual Enrollment as of 04/11/2011 | Difference |
|-----------------------------------|--------------------------------------|---|------------|
| Elementary (includes K – 6 sites) | 26,195 | 26,431 | 236 |
| Intermediate | 11,540 | 11,444 | (96) |
| High School | 15,521 | 15,332 | (189) |
| Total | 53,256 | 53,207 | (49) |

Current enrollment, while less than projection by **49**, was greater than budgeted at CBEDS by 406 students. Traditionally, enrollment drops between 700 – 1000 after CBEDs each year.



The District has utilized a three-level approach to enrollment projections the past two school years and bases staffing allocations on the final projection

- Input from site principal
- Demographic analysis include trends and historical cohort-survival rates (previously used Consultant but now done by Facilities)
- District adjustments based upon multiple factors done in collaboration with Human Resources, Facilities, Business Services and Program Quality

| Year | Consultant | District | CBEDS | Difference (CBEDS v. District) | % Difference |
|-----------|------------|----------|---------|--------------------------------|----------------|
| 2011 - 12 | | 53,996 | | | |
| 2010 – 11 | 53,289 | 53,256 | 53,754* | 498 | 0.93% |
| 2009 – 10 | 55,025 | 54,813 | 54,019 | (794) | (1.44%) |
| 2008 – 09 | 54,314 | 54,210 | 54,637 | 427 | 0.78% |
| 2007 – 08 | 53,693 | 55,043 | 54,449 | (594) | (1.08%) |
| 2006 – 07 | | 55,053 | 54,899 | (154) | (0.27%) |
| 2005 – 06 | | 58,169 | 56,574 | (1,595) | (2.74%) |
| 2004 – 05 | | 58,656 | 58,884 | 228 | 0.38% |
| 2003 – 04 | | 62,656 | 59,895 | (2,761) | (4.40%) |
| 2002 – 03 | | 58,953 | 60,973 | 2,020 | 3.42% |

* CBEDS not finalized



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
- School Safety
- Maintain athletics and music programs
- Reduced class sizes in grades 1 & 2



- Absence of tax election in June:
 - Alternative budget reductions proposed by Legislative Analyst’s Office (LAO) if \$14 billion in new revenues are not raised and if K-12 education is cut by an additional \$5 billion:
 - Eliminate K-3 Class Size Reduction
 - Reduce revenue limits and categorical funding flexibility by 2.2%
 - Reduce Economic Impact Aid (EIA) funding by 20% and mandate school district to utilize EIA reserves prior to receiving any new state funding
 - Reduce additional state categorical funding for basic aid districts and counties
 - Require children to turn five years of age prior to enrolling in kindergarten by changing the cutoff date from December to September starting in 2011-12 and postponing or eliminating Transitional Kindergarten program
 - Actions State could take to assist districts per LAO:
 - Reduce instructional day requirements
 - Relax contracting-out requirements for non-instructional services
 - Eliminate substitute teacher priority and pay provisions
 - Allow districts to access restricted reserves
 - “Oil Extraction Fee to Rescue Education” ballot initiative:
 - Estimated revenue for K-12: approx. \$600-900 million per year depending upon production levels
 - Requires 500,000 signatures to get the initiative on the ballot



- On April 25, 2011 Fitch Ratings affirmed Santa Ana Unified School District, CA's (the district) bonds as follows:
 - \$129.5 million (Election of 1999) general obligation bonds, series 2000, 2002, and 2002B at 'AA'.
 - The Rating Outlook has been **revised to Stable** from Negative.
- “The Outlook revision to Stable from Negative reflects maintenance of a solid unreserved general fund balance, good contingency planning, and improving enrollment trends”
- “The 'AA' rating reflects the district's sound financial operations, exhibited by two consecutive years of operating surpluses, an unreserved fund balance well above the district's historical average, proactive actions to reduce expenditures in line with revenues, and a moderate degree of remaining expenditure flexibility”
- “Under current projections an additional \$64.4 million would need to be cut in fiscal 2013 to balance operations. **Given historically proactive actions by management to align expenditures with declining revenues, Fitch believes expenditures will be sufficiently curtailed, as needed, to maintain an adequate financial cushion.**”



- Utilizing one-time solutions in both 2011-12 (Jobs bill & unexpected base revenue limit increase from 10-11) and 2012-13 (Fund 17 reserve balances) SAUSD will still be required to make additional unidentified budget reductions of:
 - **\$14.4** million for 2011-12
 - **\$28.1** million for 2012-13 (by December 13, 2011)
- Available **one-time** resources are approximately \$37 million








* Projection if Tax Extensions do not occur

- Utilizing one-time solutions in both 2011-12 (Jobs bill & unexpected base revenue limit increase from 10-11) and 2012-13 (Fund 17 reserve balances) SAUSD will still be required to make additional unidentified budget reductions of:
 - **\$30.9 - \$41.9** million for 2011-12
 - **\$28.1** million for 2012-13 (by December 13, 2011)
- Available **one-time** resources are approximately \$37 million



\$ 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 |






\$ in millions

| Activity / Program | One-time | Ongoing |
|---|--------------|--------------|
| Tier III Instructional Materials – utilize Prop 20 restricted funds and sweep ongoing funds currently designated | \$5.5 | \$2.0 |
| Second Interim decrease in expenditures – reduces needed reductions | | \$2.0 |
| Enrollment and ADA adjustments – reduce needed reductions based upon P2 attendance report (April 2011) | | \$3.1 |
| | | |
| TOTALS | \$5.5 | \$7.1 |
| | | |
| Other possible options | | |
| Tier III Summer School – eliminate unrestricted funding for comprehensive high schools. GSP and SAC-Bridge can support credit recovery and SIG sites have funding for extended learning time | | \$1.0 |



\$ in millions







| | Description of Reduction | Proposed Amount of Reduction/ Increase | Reductions Required |
|---|--|--|---------------------|
| | | | Plan B |
| | Unidentified Reductions required for 2011-12 | | \$14.4 |
|  | Tier III <u>(one-time)</u> | \$5.5 | \$8.9 |
|  | Attendance, Tier III and 2 nd Interim adjustments | \$7.1 | \$1.8 ↓ |
|  | Tax increase not extended (to be determined at May Revise) | <\$16.5>* | \$18.3 |

* Projection Until May Revise of new State Cuts to Education



Assumes \$14.4 - \$30.9 million in unidentified reductions are made in 2011-12 (Slide 12)

\$ 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 |
|  | Tier III (one-time from 2011-12) slides 11-12 | \$5.5 | \$58.1 |
|  | CSR Penalty Flexibility continues | \$11.0 | \$47.1 |
|  | One-time Utilization of District Reserve funds (Fund 17) | \$13.5 | \$33.6 |
|  | Revised enrollment projection adjustment | \$1.6 | \$32.0 |



- Utilizing one-time solutions in both 2011-12 (Jobs bill & unexpected base revenue limit increase from 10-11) and 2012-13 (Fund 17 reserve balances) SAUSD will still be required to make additional unidentified budget reductions of:
 - **\$18.3** million for 2011-12 (projected)
 - **\$32.0** million for 2012-13 (by December 13, 2011)
- Available **one-time** resources remaining would be approximately \$23.5 million (With Fund 17 utilized one-time for 2012-13)



| Date | Event or Activity |
|---|---|
| On-going until Settled | Negotiations with our certificated & classified associations (SAEA & CSEA respectively) for <u>ongoing reductions</u> and utilization of Jobs Bill funds |
| May 10, May 24, June 14, June 28 | Board Meetings |
| May 24 | Presentation of Third interim Report Identification of remaining 2011-12 Budget Reduction measures |
| June 28 | Approval of 2011 – 12 Adopted Budget Approval of remaining 2011-12 Budget Reduction measures |