



Santa Ana
Unified School District

2009-10 Budget Update

October 13, 2009

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- State Budget Update – School Services of California
- Breakdown of Ending Fund Balance
- 2009-10 Unspecified Budget Reductions (\$31 million)
 - Funds Available for District & School Site Priorities
 - Recommendations on use of Available Funds including School Site Educational Priorities



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State Budget Update

Please see attached School Services of California video.

SSC Reports



Recap of School Services of California (SSC) articles:

1. The State-recommended reserve level for K-12 school districts, even prior to recent action to lower reserve requirements, is “pitifully inadequate.”
2. “Reserves are one-time money; they do not solve the problem, they only delay the cuts that must ultimately be made.”
3. “Well managed districts have historically felt safe only when they carry three times the amount” of State-recommended reserve levels.
4. Reserve buys the district time to make more permanent adjustments to its budget.
5. “Does anyone seriously think the bad times are over?”



- The Federal government can run deficits & carry no reserves since they can print money.
- “The State can get by without carrying a reserve because it can delay paying school districts or stop paying its bill when it can't borrow money.”
- School districts don't have that option
 - “The school district is at the tip of the tail of the dog; it gets wagged.”
- “Don't spend your reserves! Hold on to a minimally reasonable reserve no matter how much pressure you get to spend it.”
- Not Yet Time to “Eat the Seed Corn” Analogy
 - In ancient agrarian society, the concept of eating the seed corn was well understood. If you do not set aside some of the crop for next year's seed, you eat a little better this year, but next year you starve to death.”





- The July 24th State Adopted Budget includes Revenue Limit reductions equivalent to their respective QEIA funding
 - SAUSD Revenue Limit Reduction due to QEIA = **\$11 million**
- The Legislature passed a bill (SB84) to eliminate this penalty. Our Superintendent attended a meeting / press conference in Sacramento urging the Governor to approve SB84 or to find an alternative solution.
- The Governor vetoed SB84 on October 11th but proposes an alternative:
 - The State may use \$355 million in “newly identified” ARRA Stabilization dollars & unused 2008-09 categorical funds to eliminate the QEIA penalty. Note: Some districts (e.g. LAUSD & San Diego) had previously budgeted and have already spent some of these “new” ARRA funds.
- Further discussions & negotiations are on-going.



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Breakdown of 2008-09 Ending Fund Balance



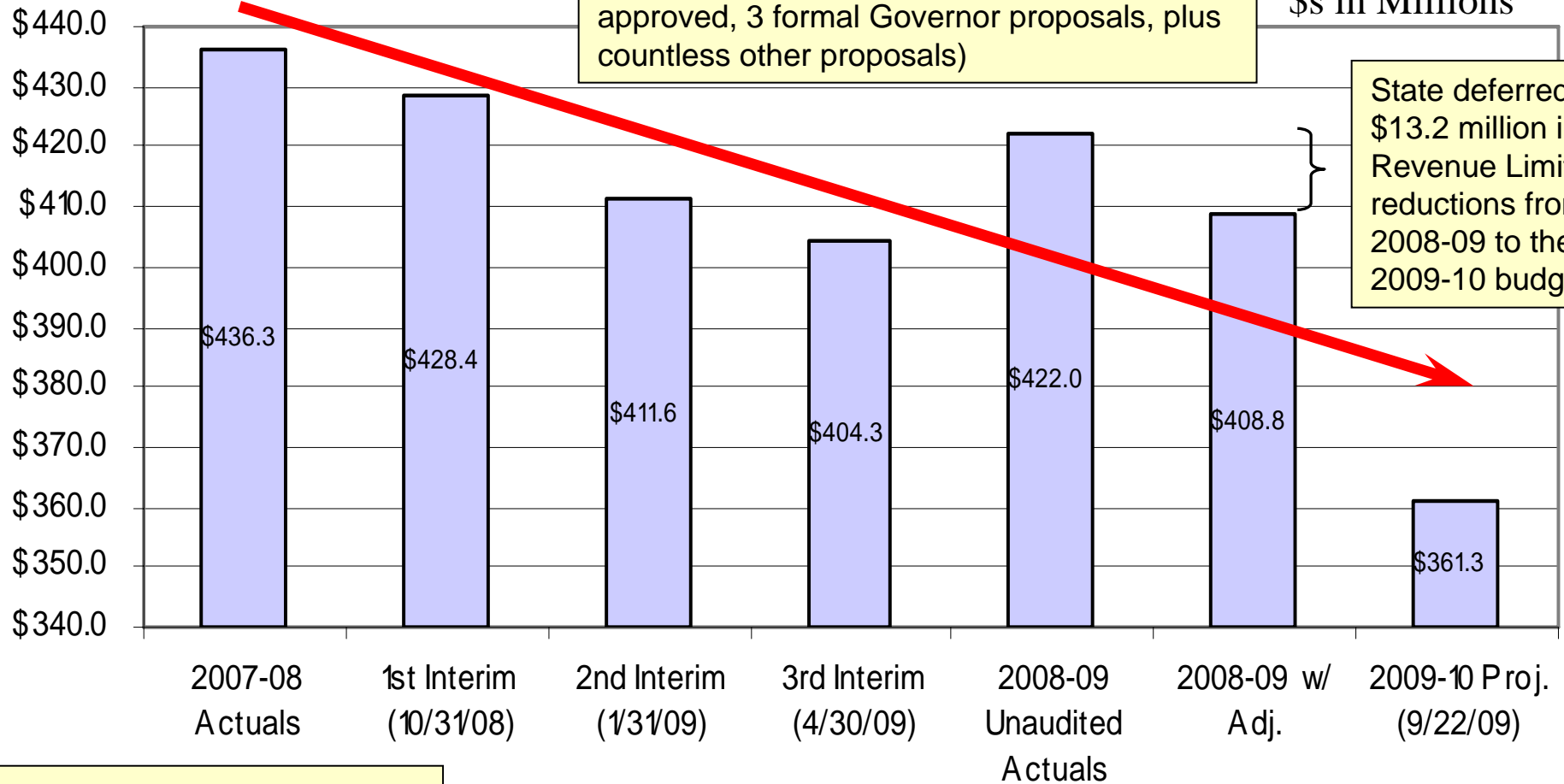
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Change in State Revenues 2007-08 to 2009-10

State Budget changes drive need for District Budget changes. (3 formal State budgets approved, 3 formal Governor proposals, plus countless other proposals)

\$s in Millions



State deferred \$13.2 million in Revenue Limit reductions from 2008-09 to the 2009-10 budget

The District experienced a one year reduction in State Revenues of **\$27.5 million.**

← 2008-09 Revenues →



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Jeannie Oropeza (October 7, 2009)

Dept. of Finance, Program Budget Manager of the Education System Unit (K-20)

“You need to free up as much General Fund dollars as possible in preparation for future budget cuts.”

School Services of California (October 2, 2009)

“We absolutely believe that in January, the State of California will be dealing with a big budget deficit.”

“Hold on to the reserves you have. Be conservative in the decisions you make.”



\$93.2	2008-09 Ending Fund Balance
-\$32.3	Less: 2008-09 Restricted Categorical Ending Fund Balance
\$60.9	Unrestricted General Fund Ending Balance
	General Fund Ending Balance Obligations
-\$13.2	Less: Revenue cuts that were to be taken from 2008-09 budgets but delayed by the State until 2009-10.
-\$6.9	Less: Critical & carryover items reserved for 2009-10 spending including: CalSafe (pregnant teen), CAHSEE student support, Deferred Maintenance, On-going Major Maintenance, Civic Center Facility Restoration (field & facility maintenance) & Instructional Materials Fund.
-\$1.1	Less: Carried over district operational needs (inventory, District checking accounts & prepaid expenses).
\$39.7	Remaining Amount Available – Including Required Emergency Reserves



\$39.7	Remaining Amount Available – Including Required Emergency Reserves
	Required Cuts
-\$45.0	Less: A \$10-\$15 Billion shortfall to the State's budget for 2009-10 may result in cuts to Education of \$5-7.5 Billion and a possible cut to SAUSD of \$45 million.
-\$31.0	Less: Required budget cuts which must be identified for 2010-11 & submitted to OCDE by December 15, 2009.
-\$36.3	Deficit to SAUSD Budget / Ending Balance
	Other Concerns
-\$11.0	Will QEIA funding be returned to the General Fund?
-\$82.0	Deferred/postponed scheduled payments to SAUSD from the State
?	Reserves for Economic Uncertainties (1 month of payroll = \$33 million)
?	Federal Stimulus funds end in 2010-11.



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2009-10 Unspecified Budget Reductions



Inadequate State funding of our schools has resulted in Educational program reductions. The latest, unspecified projected budget reductions for 2010-11 & 2011-12 are **-\$31 million & -\$12.5 million** respectively.

- 2004-05, **<\$29 million>**
- 2005-06, **<\$14 million>**
- 2006-07, **<\$15 million>**
- 2007-08, **<\$21 million>**

- 2008-09, **<\$41.6 million>**
- 2009-10, **<\$11.6 million>**
- 2010-11, **<\$31.0 million>** (previously **<\$33 million>**)
- 2011-12, **<\$12.5 million>** (previously **<\$4 million>**)



Total Budget Cuts (2004-05 thru 2011-12): <\$175.7 million>



<u>(\$s in millions)</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues *	\$436.0	\$448.5	\$448.5
Expenditures **	\$487.9	\$460.6*	\$454.6*
Net Increase – Decrease ***	(\$51.9)	(\$12.1)	(\$6.1)
Unrestricted	(\$40.6)	(\$4.3)	(\$0.6)
Restricted	(\$11.3)	(\$7.8)	(\$5.5)
Projected Reserve	3.6%	2.9%	2.8%

* Includes Other Sources & Uses. 2010-11 figures includes **\$31 million** in unspecified budget reductions and the 2011-12 figures includes an add'l **\$12.5 million** in unspecified cuts.

** COLA Salary increases for these years (with the exception of 2009-10 for SAEA) have not yet been negotiated and are thus not included. However, all revenues associated with COLAs for these years are included as is the cost of step, column & longevity are budgeted.

*** Assumes no mid-year State budget cuts.

Note: The QEIA Revenue Limit Reduction (of \$11 million) is for 2009-10 only and the cut is restored beginning 2010-11. There is concern that the reduction may become an on-going reduction.



- **<\$31 million>** in unspecified budget reductions need to be identified by December 15, 2009
 - i.e. roughly 2 months or 4 Board meetings from tonight!



- Cuts will be difficult given that:
 - The easier cuts (i.e. the low hanging fruit) have already been made
 - The large size of the cuts
- Further troubling is the prospect of additional mid-year State budget cuts.



- SAUSD was projected to receive ARRA dollars as follows:

(\$s in millions)	Estimated Total Award	June 2009	July 2009	Aug. 2009	Sep. 2009	Oct. 2009
Title I Restricted (site based)	\$11.3	\$5.1 *	---	---	---	\$6.2
IDEA Restricted (Special Ed)	\$11.3	\$2.3 *	\$1.1 **	\$1.1**	\$1.1 **	\$5.7
Stabilization	\$19.2	\$14.3 *	\$4.9*	---	---	---
Total	\$41.8	\$21.7	\$5.8	\$1.1	\$1.1	\$11.9

* Denotes funds that the district has already received.

➤ Funds received to date were originally promised in the April/May timeframe.

** Denotes funds that are either past due or soon will be past due.



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Summary of Categorical Funds Available

(\$s in millions)	Total Received	Amount Used	Available Amount	Comments
ARRA Stabilization	\$19.2	<\$7.7>	\$11.5 *	Utilized to (1) Pay for preferential treatment of substitute costs (\$0.5 million), (2) Pay increased special ed costs, & (3) to restore police officers to 12 month positions.
ARRA IDEA	\$2.3	<\$2.3>	\$0.0	Utilized to pay for add'l Special Ed positions and to reduce general fund contributions to Special Ed.
ARRA Title I –				
Elementary	\$1.6	\$0.0	\$1.6	Funds must be allocated on a site specific basis.
Secondary	\$1.6	\$0.0	\$1.6	Funds must be allocated on a site specific basis.
Mandated	\$1.9	<\$1.9>	\$0.0	Reserved for possible shortfalls in site ARRA funding & for mandated Professional & Parent Development.
EIA (ongoing) - Elementary	\$8.6	<\$8.6>	\$0.0	Utilized for Grade 1 & 2 CSR. (Note: Incremental CSR Revenues are reflected in the budget.)
EIA (ongoing) - Secondary	\$6.8	<\$5.8>	\$1.0	Utilized for ELD Coordinators, Outreach Consultant / AVID / CAHSEE and intervention support.
Total Available	\$42.0	<\$26.3>	\$15.7	

* Includes restoration of \$6.9 million in ARRA Stabilization \$s originally slated for preferential treatment of substitute costs.



(\$s in millions)	Original Available Amount	Amount Used	Revised Available Amount	Comments
Fund 17	\$9.5	\$0.0	\$9.5	Hold for mid-year budget reduction
Fund 40 *	\$0.0	\$0.0	\$0.0	

* Board Action is needed to authorize reimbursement of \$2 million in expenditures incurred by Measure G projects which were advanced by Fund 40.



1. Release ARRA Site Allocations to meet Site and District instructional priorities



Which Instructional Priorities?

<p>1. LEA Plan Addendum DAIT District Assistance and Intervention Team (OCDE)</p>	<ul style="list-style-type: none">- Assess, implement, and monitor professional development focused on foundational knowledge, instructional delivery, and high expectations- Identify every student by name and correctly place each in a strong ELD, reading/language arts and mathematics programs
<p>2. Elementary Academic Improvement Plans</p>	<ul style="list-style-type: none">- Classroom Walkthroughs- Standards Driven Instructional Alignment- Monthly Grade Level Focus Standards- Data Conferences
<p>3. Secondary Academic Improvement Plans</p>	<ul style="list-style-type: none">- Instructional Leadership Team Development- Instructional Walkthroughs- Data Conferences
<p>4. As Identified by School Sites</p>	<ul style="list-style-type: none">- See Following Slides



Elementary School Priorities

ARRA Title I	\$1.6 million	Average \$40,000/site
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Priorities	Estimated Cost for all sites
Instructional Supplies: licenses, software, supplementary materials	\$936,000
Substitute Teacher Pay: Data Chats, Demos, etc.	\$252,000
Extra Duty Teacher Pay: Before a/o After school Tutoring	\$311,000
Student Study Team Facilitation	\$92,000



Secondary School Priorities

ARRA Title I	\$1.6 million	Average \$88,000 Inter. Schools	Average \$156,000 Comprehensive HS
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Priorities	Estimated Cost for all Sites
Extra Duty Teacher Pay: Before a/o After school Tutoring	\$363,000
Substitute Teacher Pay: Data Chats, Demos, etc.	\$177,000
Saturday School	\$200,000
Instructional Supplies	\$500,000
Instructional Technology	\$360,000



- One on One meeting between Principals and Director of EL Programs/Student Achievement (beginning Oct. 14th)
 - Ensure school plans align to Board priorities
 - Alignment of school site budgets with District & division priorities
- After above meeting, sites will revise & re-align school plans to these priorities
- Formal school plans to be submitted to Board after ConApp submission
- Any additional site categorical funds received will be aligned with the District and division priorities outlined in the plans that are built after the one-on-one meetings.



1. Release ARRA Site Allocations to meet Site and District instructional priorities
2. Utilize remaining ARRA Stabilization funds (a one-time source of funds) to:
 - Increase 4 hour office assistant positions for Elementary sites to 6 hour positions (\$600K)
 - Fund positions / expenses currently paid with unrestricted dollars (\$10.9 million)



- Current Elementary staffing allocation provides a 4 hour part-time Office Assistant to support the full-time Office Manager
- Limitation in hours has resulted in a lack of office coverage during peak times of the day
- Feedback (from Principals and office staff) is that the current staffing ratio is inadequate and that critical functions such as enrollment, attendance and student record monitoring are being delayed or at risk
- Cost impact: \$600K

	Office Mgr	Office Assistant	Attendance Clerk	Registrar	School Accounts Clerk	Total	Average Enrollment	Enrollment per Clerical Hour
Elementary Proposed	8 hours n/c	4 hours 6 hours	--- ---	--- ---	--- ---	12 hours 14 hours	732 n/c	61 52
Intermediate	8 hours	12 hours	8 hours	8 hours	---	36 hours	1,332	37
High School	8 hours	24 hours	8 hours	8 hours	8 hours	54 hours	2,350	44



- Utilize to fund positions / expenses currently funded with unrestricted dollars (\$10.9 million)
 - A one-time budget reduction
 - Reduces amount of unspecified budget reductions (\$31 million) for 2010-11
 - **and** pushes the identification of **ongoing** budget reductions out until 2011-12.



(\$s in millions)	Current Available Amount	Proposal	Available Amount a/ Proposal	Comments
ARRA Title I – Elementary	\$1.6	<\$1.6>	\$0.0	Allocation in installments. No permanent positions to be added.
ARRA Title I – Secondary	\$1.6	<\$1.6>	\$0.0	Allocation in installments. No permanent positions to be added.
ARRA Stabilization	\$11.5	<\$10.9> <\$0.6>	\$0.0	Utilize to pay for <u>one year</u> , positions & expenses currently funded with unrestricted dollars. Increase 4 hour clerical support positions for Elementary sites to 6 hour positions.

All ARRA dollars received to date will be spent out if these recommendations are approved.

Helps us to preserve existing jobs in these uncertain times.



1. Release ARRA Site Allocations to meet Site and District instructional priorities
2. Utilize remaining ARRA Stabilization funds (a one-time source of funds) to:
 - Increase 4 hour office assistant positions for Elementary sites to 6 hour positions (\$600K)
 - Fund positions / expenses currently paid with unrestricted dollars (\$10.9 million)
3. Other cuts need to be identified to reach the \$31 million target.



(\$s in millions)	Amount
Required 2010-11 Budget Reductions (after inclusion of incremental CSR Revenues from Grades 1 & 2)	\$31.0
Less: Unrestricted expenditures paid with ARRA Stabilization (one-time)	<\$10.9> *
Less: Staffing reductions due to lower enrollment (-500 students less)	<\$3.0>
Budget Reductions still Needed	\$17.1
Possibilities:	
Less: Portion of ARRA-IDEA Funds that may be utilized to reduce encroachment. However, these funds have not yet been received.	<\$4.5>
Less: Other cuts to Educational programs, Possible shortening of the school year and/or Reductions of other compensation in 2009-10 and 2010-11. (Note: Since 2008-09 Management has taken furlough days or the equivalent of a -4.5% salary reduction each year. As of 2009-10 Certificated staff lost 3 professional development days or a -1.5% salary reduction)	????

* Requires Board approval. Amount includes substitute credit.