

Santa Ana Unified School District Budget Townhall

Fiscal Stabilization and Second Interim Report

March 19, 2025

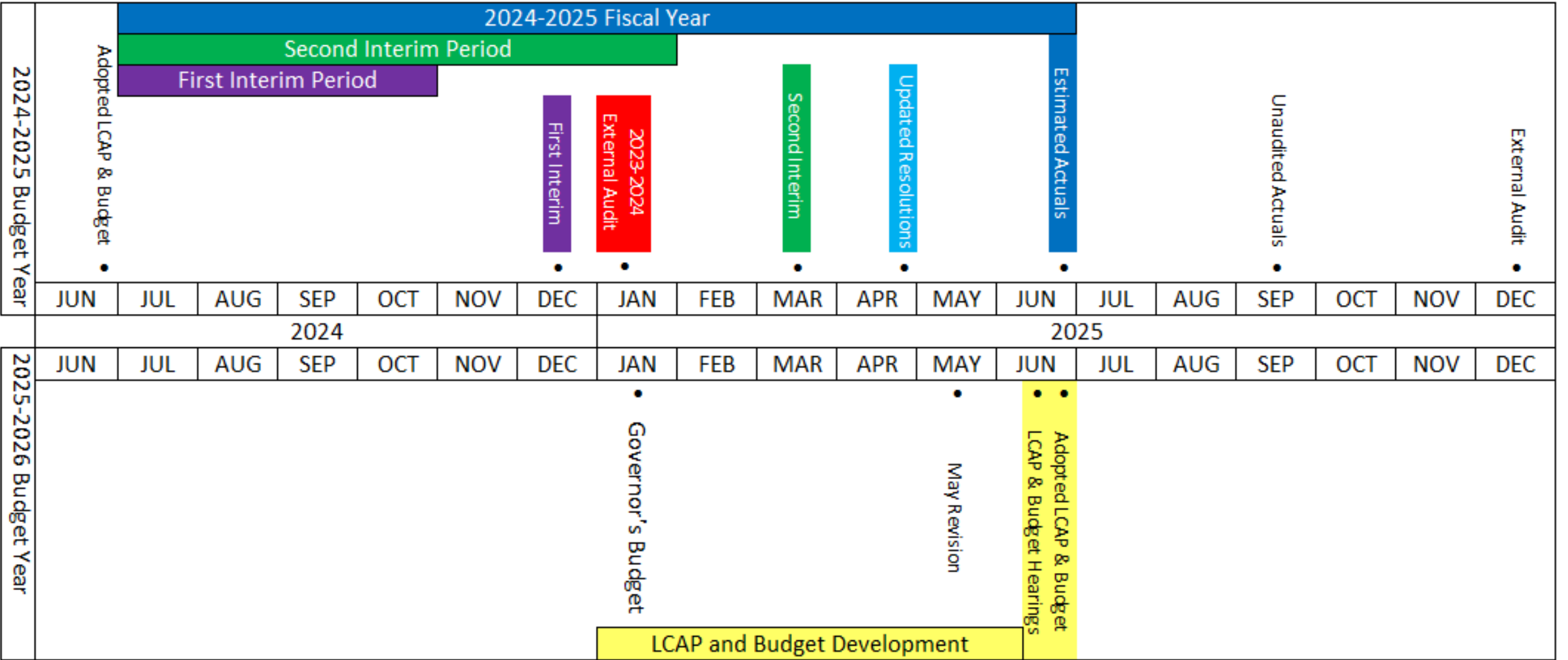


Today's Focus

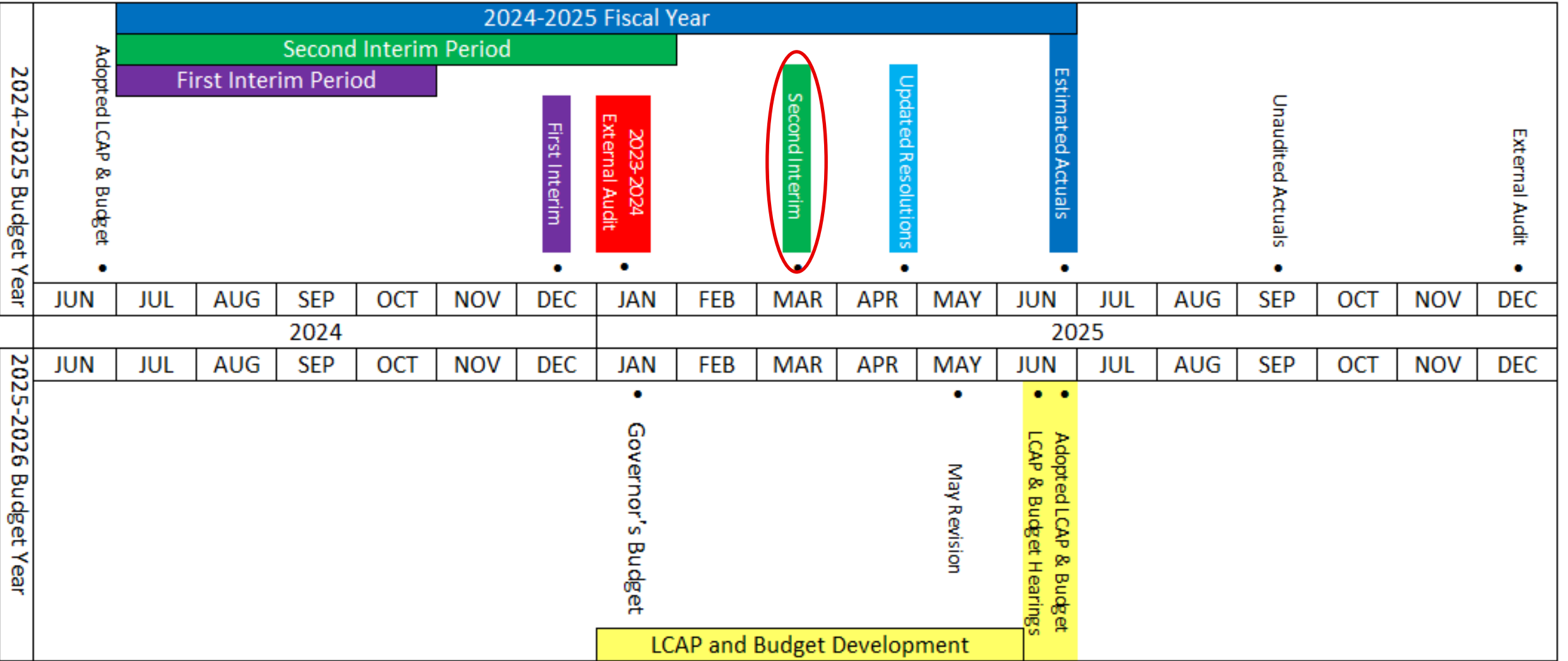
- Progress report in addressing the District's multi-year budget deficit
 - Revenue: Local Control Funding Formula (LCFF)
 - Core Resolution
 - Expenditures
- Second Interim Report



Budget Timeline



Budget Timeline

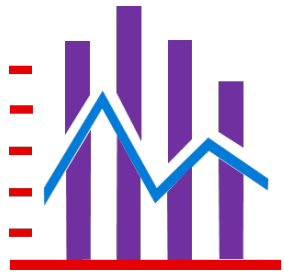


Interim Budget Reports



- Positive Certification
 - The District **WILL** meet its financial obligations for the current and two subsequent fiscal years.
- Qualified Certification
 - The District **MAY NOT** meet its financial obligations for the current or two subsequent fiscal years.
- Negative Certification
 - The District **WILL BE UNABLE** to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.

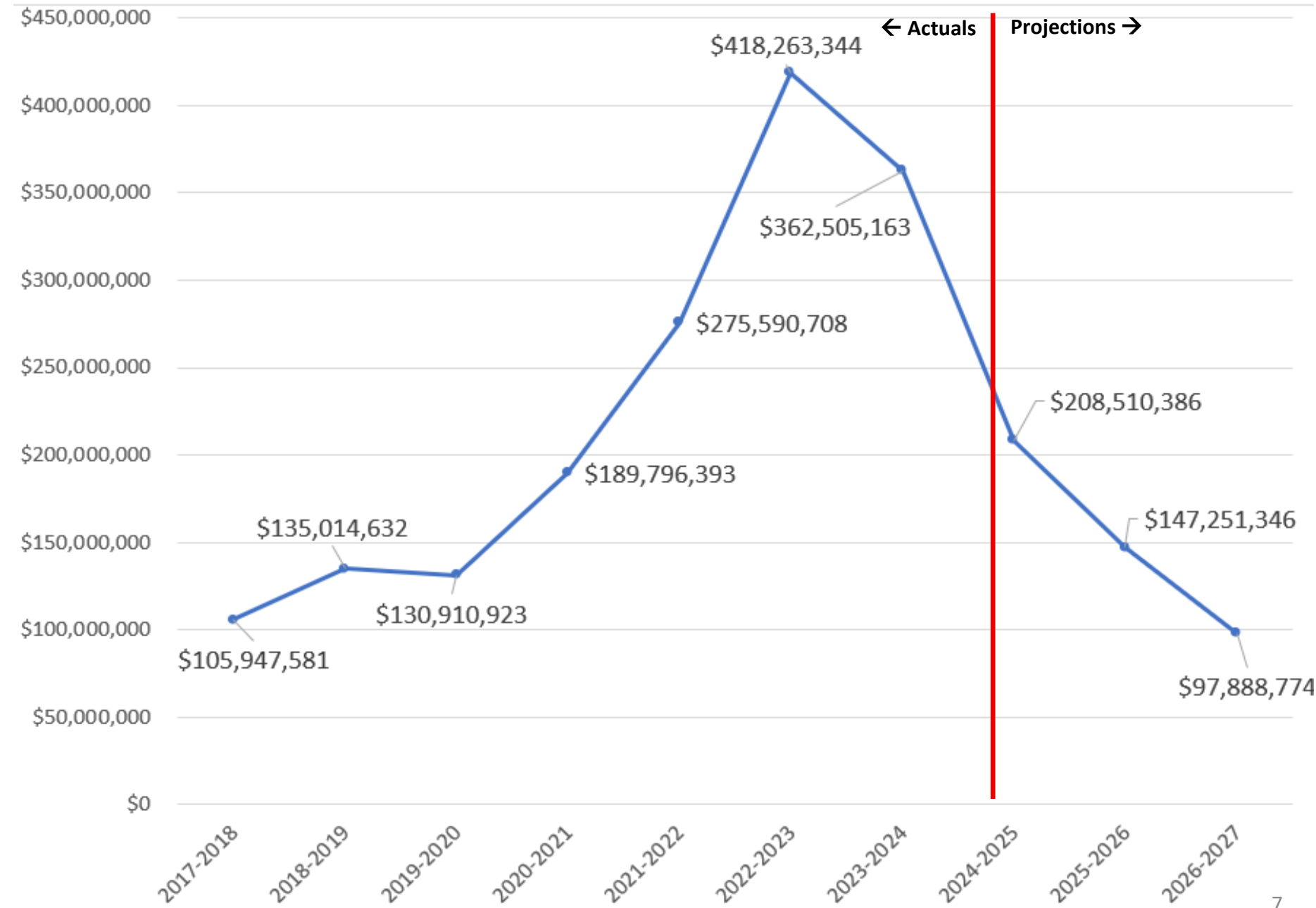
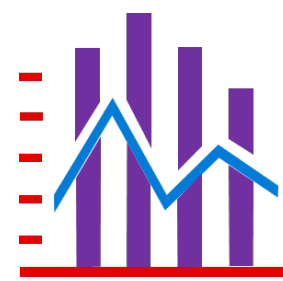
Interim Budget Reports



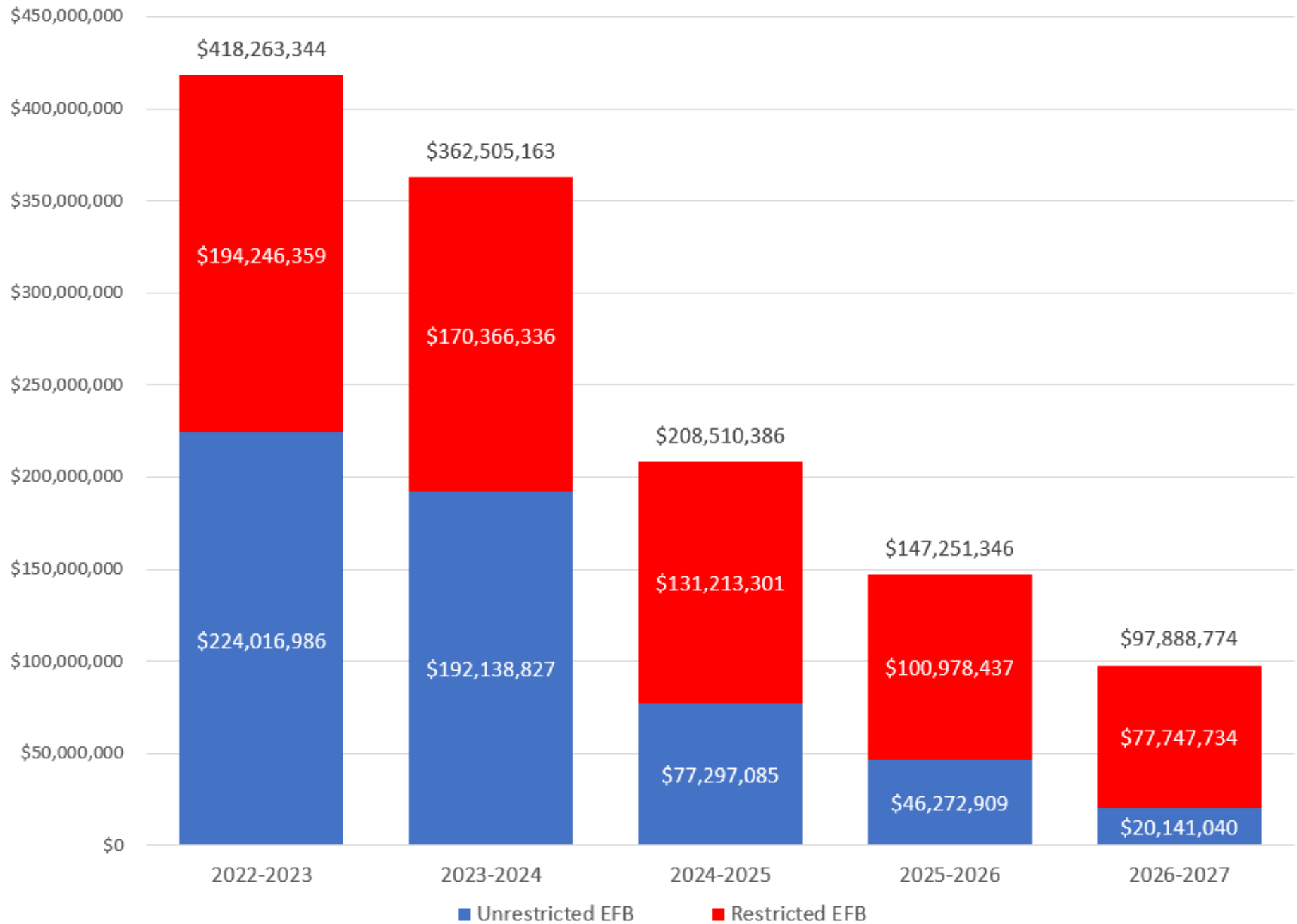
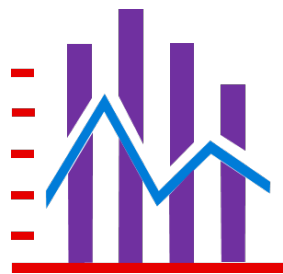
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Ending Fund Balance



Ending Fund Balance



Historical Structural Deficit



**ORANGE COUNTY
DEPARTMENT
OF EDUCATION**
200 KALMUS DRIVE
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STEFAN DEAN, Ed.D.
County Superintendent
of Schools

**ORANGE COUNTY
BOARD OF EDUCATION**

January 15, 2025

Hector Bustos, Board President
Santa Ana Unified School District
1601 E. Chestnut Ave.
Santa Ana, CA 92701-6322

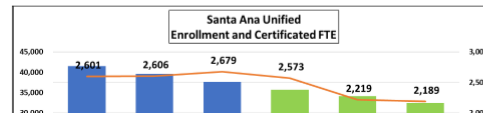
Jerry Almendarez, District Superintendent
Santa Ana Unified School District
1601 E. Chestnut Ave.
Santa Ana, CA 92701-6322

Re: 2024-25 First Interim Report

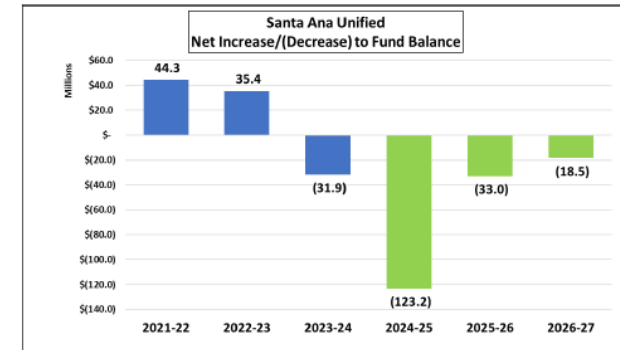
Dear Mr. Bustos and Mr. Almendarez:

Thank you for the timely submission of the 2024-25 First Interim Report. We have completed our review and analysis of the First Interim Report and the accompanying certification of financial solvency. We agree with your assessment that the Santa Ana Unified School District will be able to meet its financial obligations for the current and subsequent two fiscal years and that a positive certification is appropriate.

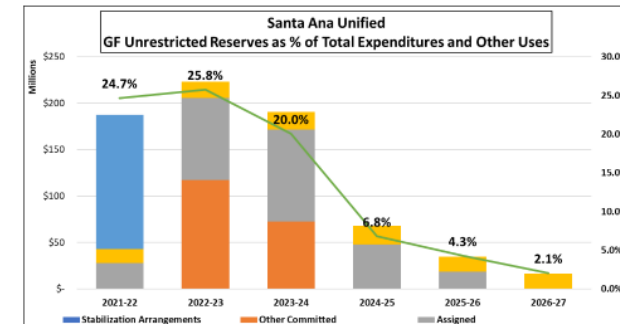
The District is projecting 2024-25 student enrollment of 35,705, representing a decrease of 1,958 students from prior year enrollment. For the two subsequent years, the District is projecting 34,121, a decline of 1,584 students, and 32,487, a decline of an additional 1,634 students. Historically, over the past three years, the District has seen an average decline in enrollment of approximately 5.0% (see chart below). We encourage the District to closely monitor district and charter school enrollment trends and prepare for appropriate budget adjustments should enrollment projections fluctuate adversely.



The District is projecting the unrestricted general fund to decrease by \$123.2 million in 2024-25, decrease by \$33.0 million in 2025-26, and decrease by \$18.5 million in 2026-27 (see chart below). It is important to note that labor negotiations for all collective bargaining units were not settled at the time of the First Interim Report preparation.



As presented in the First Interim Report, the District's unrestricted general fund reserves are projected to be 6.8% in the current year, 4.3% in 2025-26, and 2.1% in 2026-27 (see chart below). We recommend that the Board continue to maintain reserves higher than the State recommended minimum, which better prepares the District to deal with declining enrollment, deficit spending, local emergencies, and state funding uncertainties.



Historical Structural Deficit



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AL MAJARES, Ph.D.
County Superintendent
of Schools

**ORANGE COUNTY
BOARD OF EDUCATION**

January 16, 2018

Valerie Amezcua, Board President
Santa Ana Unified School District
1601 East Chestnut Avenue
Santa Ana, CA 92701

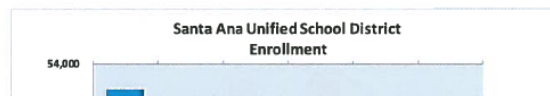
Stefanie P. Phillips, Ed.D., District Superintendent
Santa Ana Unified School District
1601 East Chestnut Avenue
Santa Ana, CA 92701

Re: 2017-18 First Interim Report

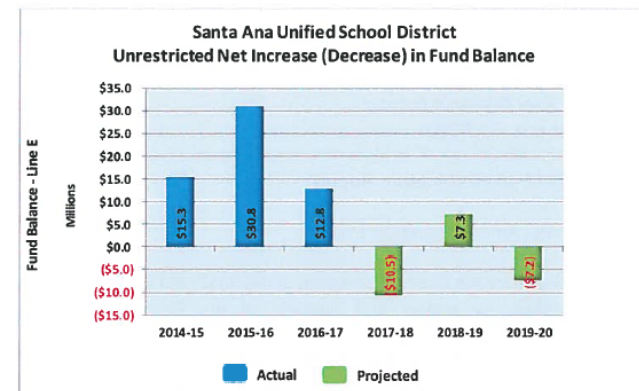
Dear Ms. Amezcua and Dr. Phillips:

Thank you for the timely submission of the 2017-18 First Interim Report. We have completed our review and analysis of the First Interim Report and the accompanying certification of financial solvency. We agree with your assessment that the Santa Ana Unified School District will be able to meet its financial obligations for the current and subsequent two fiscal years, and that a positive certification is appropriate.

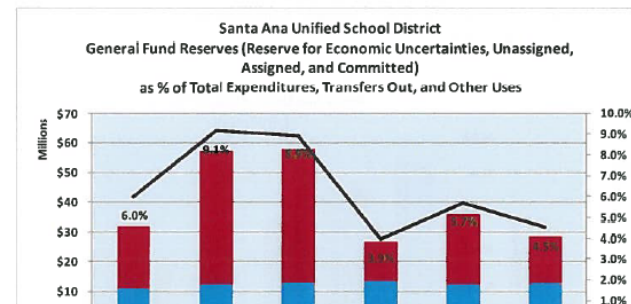
The District is projecting current year student enrollment of 48,326 representing a decrease of 1,465 students from prior year enrollment. For the two subsequent years, the District is projecting enrollment to decline by 1,300 students in 2018-19 and by an additional 1,300 students in 2019-20 (see chart below). We encourage the District to closely monitor district and charter school enrollment trends and prepare for appropriate budget adjustments should enrollment projections fluctuate adversely.



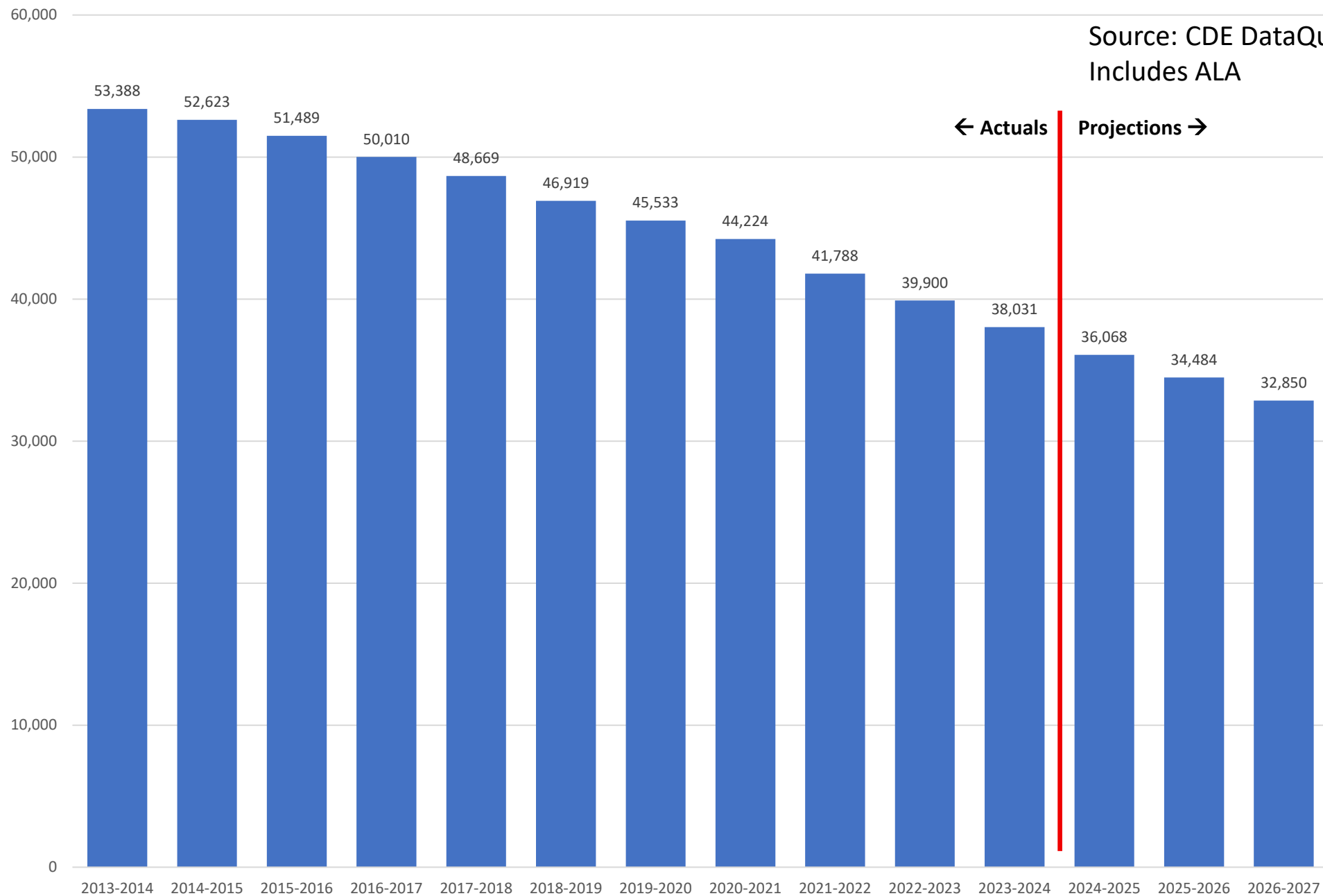
The District is projecting the unrestricted general fund to decrease by \$10.5 million in 2017-18, increase by \$7.3 million in 2018-19, and decrease by \$7.2 million in 2019-20 (see chart below). It is important to note that the First Interim report includes \$7.1 million in one-time unrestricted mandate reimbursement funds in 2017-18.



As presented in the Criteria and Standards, the District's unrestricted general fund reserves are projected to be 3.9% in the current year, 5.7% in 2018-19, and 4.5% in 2019-20 (see chart below). We recommend that the Board continue to maintain reserves higher than the State recommended minimum, which better prepares the District to deal with declining enrollment, deficit spending, local emergencies, and state funding uncertainties.



Enrollment



Orange County School Districts

Source: CDE DataQuest
Non-Charter Enrollment

Name	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Change
Huntington Beach City Elementary	6,864	7,008	6,917	6,773	6,658	6,456	5,310	4,904	4,703	4,628	-32.6%
Santa Ana Unified	52,638	51,383	49,792	48,326	46,597	45,215	43,917	41,504	39,603	37,663	-28.4%
Savanna Elementary	2,392	2,397	2,331	2,272	2,199	2,095	1,949	1,843	1,806	1,735	-27.5%
Anaheim Elementary	19,164	18,656	18,312	17,671	16,691	16,374	15,612	14,882	14,618	14,261	-25.6%
Buena Park Elementary	4,985	4,869	4,837	4,684	4,552	4,464	4,133	4,015	3,966	3,784	-24.1%
Ocean View Elementary	9,010	8,725	8,467	8,263	7,986	7,721	7,337	6,942	6,809	6,868	-23.8%
Magnolia Elementary	6,403	6,418	6,277	6,080	5,851	5,678	5,385	5,121	5,001	4,920	-23.2%
Laguna Beach Unified	3,074	3,029	3,025	2,929	2,861	2,788	2,634	2,578	2,456	2,386	-22.4%
Newport-Mesa Unified	21,905	21,736	21,581	21,234	20,641	20,173	18,559	17,962	17,816	17,768	-18.9%
Garden Grove Unified	46,177	45,252	44,223	43,163	42,301	41,423	40,124	38,560	38,164	37,763	-18.2%
Capistrano Unified	49,838	49,117	48,256	47,899	47,205	46,501	43,719	42,754	41,855	40,836	-18.1%
Saddleback Valley Unified	27,969	27,667	26,770	26,351	26,747	26,304	24,954	24,390	23,711	23,199	-17.1%
Cypress Elementary	3,990	3,942	3,969	3,957	3,923	3,813	3,540	3,414	3,389	3,319	-16.8%
Fullerton Elementary	13,678	13,520	13,363	13,307	13,067	12,852	12,141	11,681	11,626	11,439	-16.4%
Westminster Elementary	9,503	9,401	9,338	9,264	9,120	9,036	8,607	8,203	8,149	7,950	-16.3%
Orange Unified	27,320	26,716	26,298	25,749	25,246	25,070	24,268	24,078	23,656	23,145	-15.3%
Orange County	485,100	479,628	473,317	467,571	459,930	453,967	435,711	426,434	418,667	412,461	-15.0%
La Habra City Elementary	5,022	4,913	4,726	4,713	4,656	4,666	4,537	4,499	4,352	4,298	-14.4%
Anaheim Union High	31,659	31,276	30,964	30,729	30,292	29,832	29,183	28,404	27,748	27,195	-14.1%
Huntington Beach Union High	16,343	16,048	16,140	16,188	15,967	15,894	15,534	15,098	14,522	14,104	-13.7%
Placentia-Yorba Linda Unified	25,595	25,826	25,798	25,741	25,477	25,162	24,296	23,657	23,138	22,705	-11.3%
Fullerton Joint Union High	14,396	14,235	13,983	13,901	13,695	13,630	13,473	13,431	13,173	12,826	-10.9%
Tustin Unified	24,059	24,079	24,130	24,015	23,768	23,521	22,761	22,140	21,830	21,600	-10.2%
Los Alamitos Unified	9,914	9,948	9,904	9,833	9,730	9,697	9,317	9,133	8,934	8,931	-9.9%
Statewide	5,690,540	5,653,985	5,625,398	5,591,564	5,533,345	5,487,627	5,311,866	5,214,183	5,166,991	5,128,055	-9.9%
Centralia Elementary	4,491	4,437	4,417	4,327	4,221	4,218	4,044	4,077	4,129	4,052	-9.8%
Fountain Valley Elementary	6,305	6,371	6,387	6,362	6,328	6,320	6,165	5,998	5,976	6,036	-4.3%
Brea-Olinda Unified	5,977	5,856	5,909	5,951	6,008	6,085	5,990	5,866	5,811	5,895	-1.4%
Irvine Unified	31,392	32,319	33,381	34,617	35,291	36,177	35,660	36,083	36,542	37,731	20.2%





Enrollment

Source: CDE DataQuest
Non-Charter Enrollment

Orange County Unified School Districts

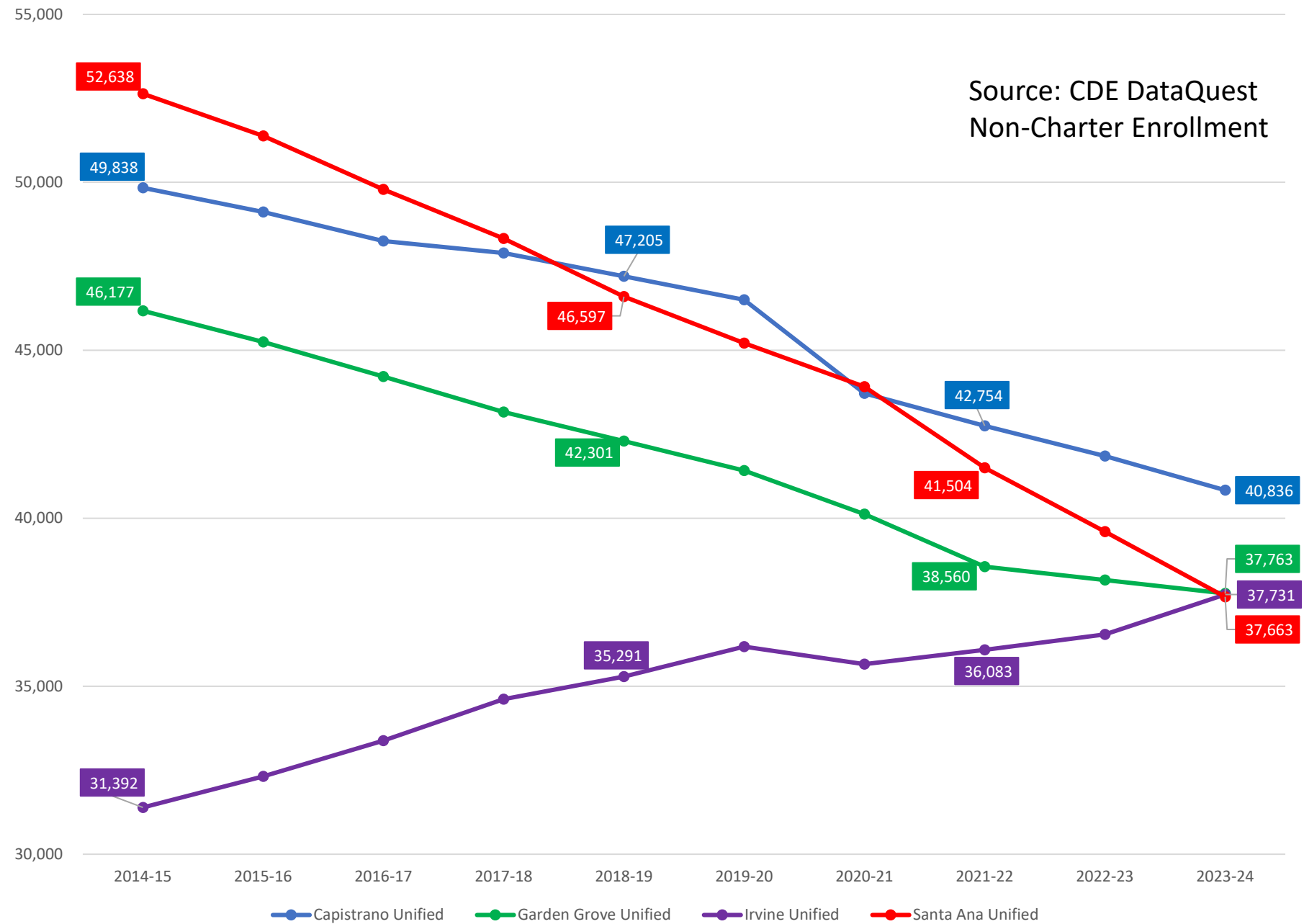
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Statewide	5,690,540	5,653,985	5,625,398	5,591,564	5,533,345	5,487,627	5,311,866	5,214,183	5,166,991	5,128,055	-9.9%
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Irvine Unified	31,392	32,319	33,381	34,617	35,291	36,177	35,660	36,083	36,542	37,731	20.2%



Enrollment



Source: CDE DataQuest
Non-Charter Enrollment





Enrollment: Historical Trends

Source: CDE DataQuest
& Davis Demographics

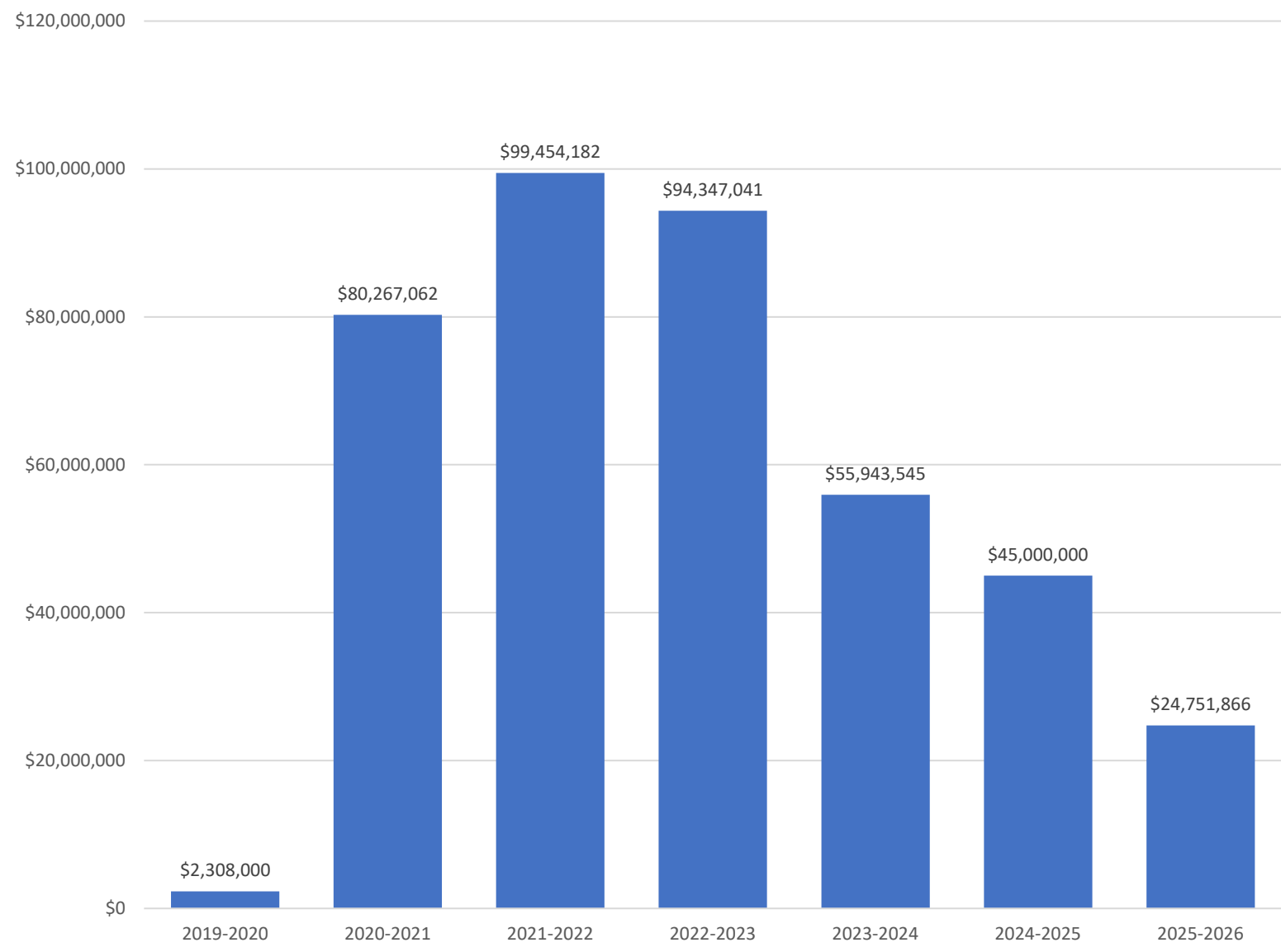


Grades-->	1-5	6-8	9-12
4 Year Decrease	15.5%	14.5%	14.0%
8 Year Decrease	34.5%	28.6%	13.0%
12 Year Decrease	44.6%	30.1%	15.4%

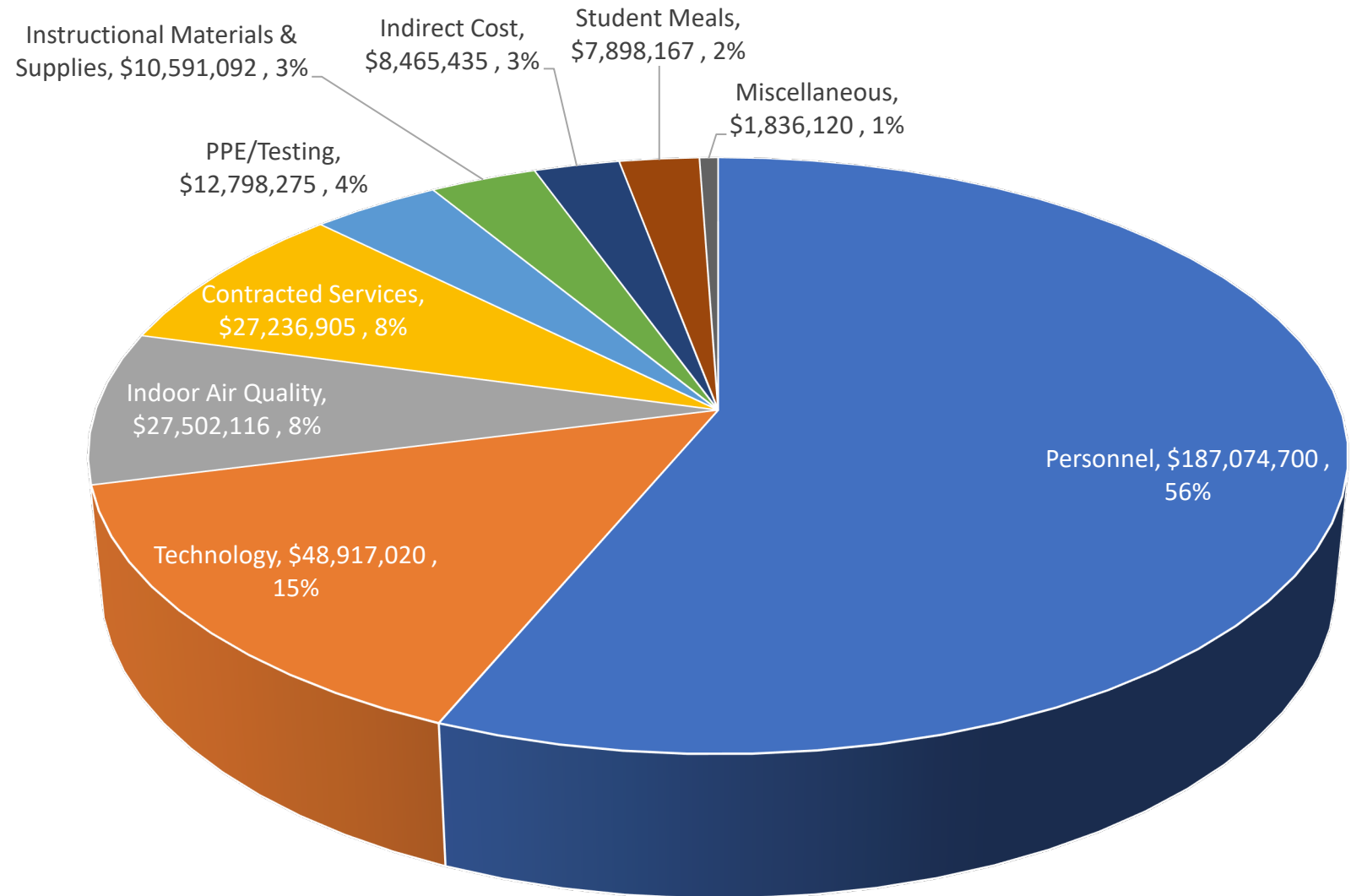




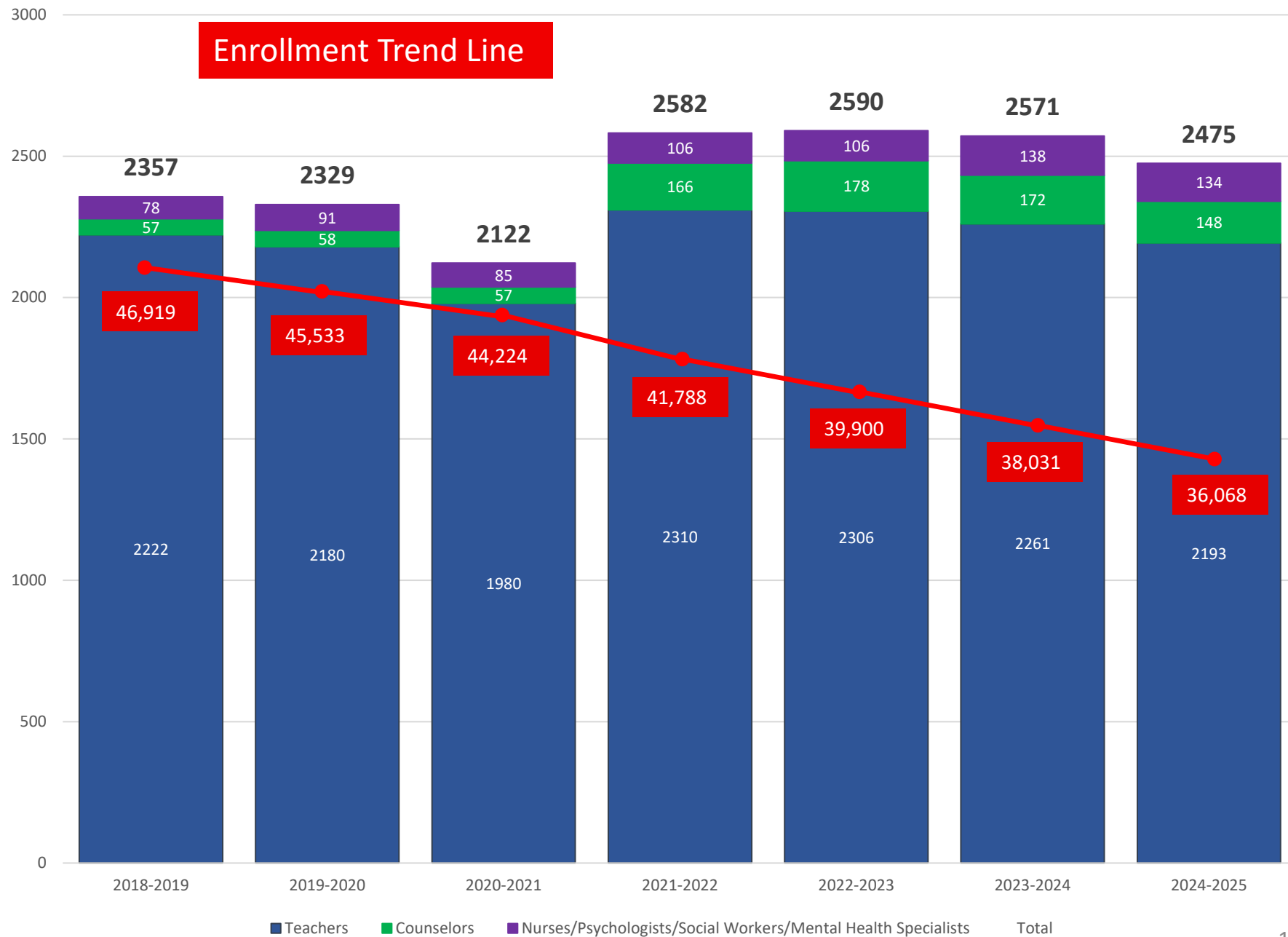
COVID Relief Grant Funds



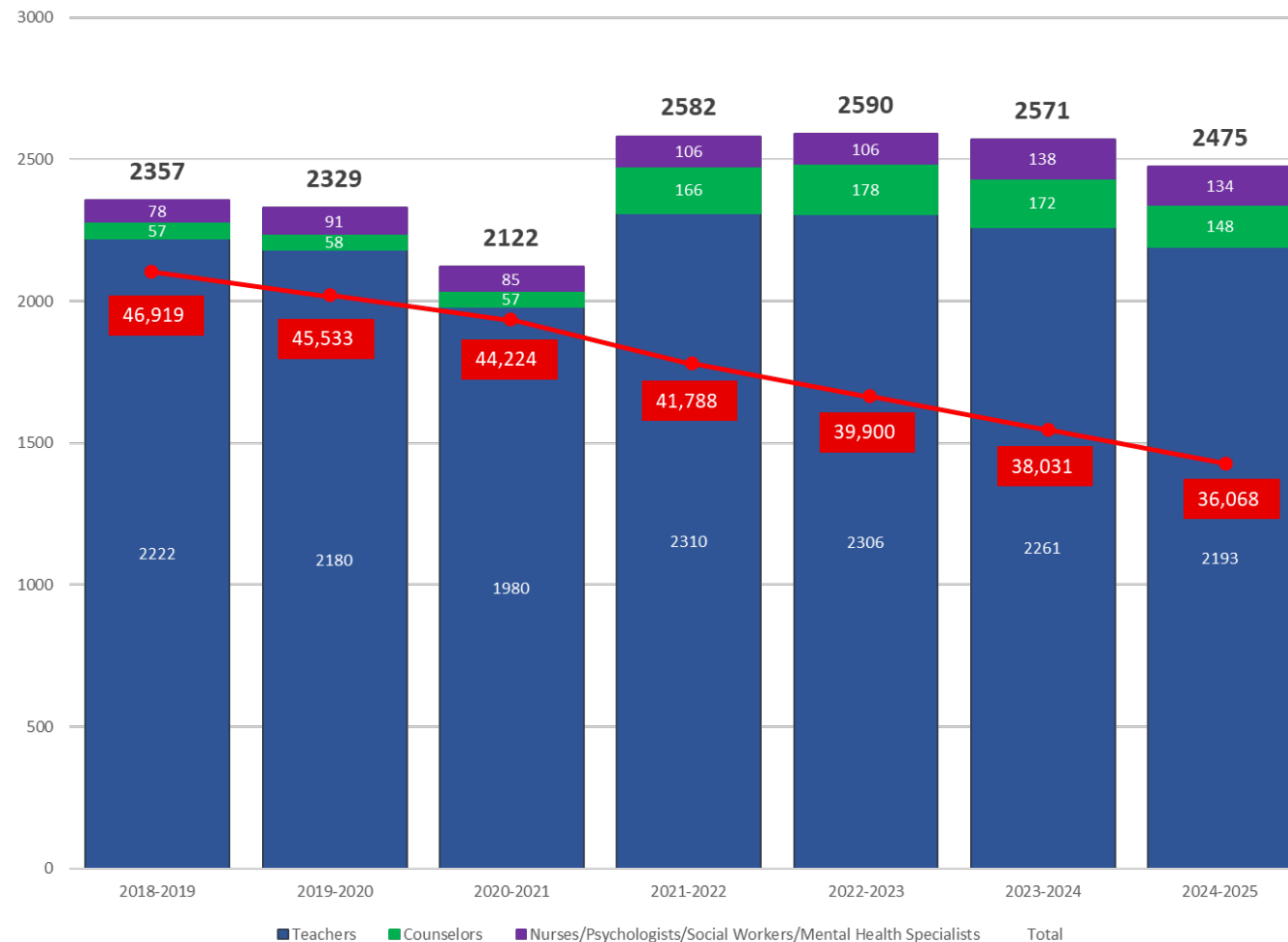
COVID Relief Grant Funds (through 2023-2024)



Certificated
Positions/
Enrollment



Certificated Positions/ Enrollment



- Prior to the pandemic, in 2018-2019, the ratio of students to the certificated staff members shown above was 1:19.9.
- In the current year, that same ratio is 1:14.6.



LCFF Projections



Four considerations in LCFF revenue projections

- COLA
- Enrollment
- Attendance Factor
- Unduplicated Pupil Count/Percentage (UPC/UPP)



Official Assumptions

Assumptions	2024-2025	2025-2026	2026-2027
COLA	1.07%	2.43%	3.52%
Enrollment	35,716	34,571	33,130
Attendance Factor	93.60%	94.80%	95.70%
UPP	92.10%	95.00%	96.00%



	2024-2025	2025-2026	2026-2027	Total (3 Year)
LCFF at 1st Interim	\$577,184,010	\$569,888,739	\$572,429,293	\$1,719,502,042
LCFF at 2nd Interim	\$591,144,793	\$584,770,938	\$591,677,459	\$1,767,593,190
Increase/Decrease	\$13,960,783	\$14,882,199	\$19,248,166	\$48,091,148



Increase of 1% in UPP

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	2024-2025	2025-2026	2026-2027	2026-2027
LCFF at Second Interim	\$586,370,689	\$578,384,965	\$583,695,738	\$1,748,451,392
LCFF with Increase of 1% in UPP	\$586,370,689	\$579,486,696	\$585,924,349	\$1,751,781,734
Increase/Decrease	\$0	\$1,101,731	\$2,228,611	\$3,330,342

Increase of 1% in UPP

Assumptions	2024-2025	2025-2026	2026-2027
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Increase from

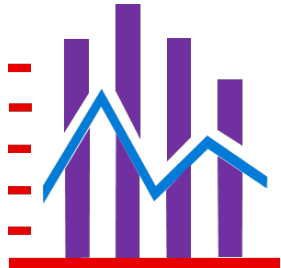
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Increase of 1% in Attendance Factor

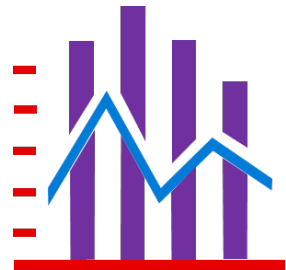
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LCFF at 2nd Interim	\$586,370,689	\$578,384,965	\$583,695,738	\$1,748,451,392
Incr in Attendance	\$586,370,689	\$578,384,965	\$585,687,118	\$1,750,442,772
Increase/Decrease	\$0	\$0	\$1,991,380	\$1,991,380

Increase of 1% in Attendance Factor

Assumptions	2024-2025	2025-2026	2026-2027
COLA	1.07%	2.43%	3.52%
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Increase from	
94.80%	95.70%

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Increase/Decrease	\$0	\$0	\$1,991,380	\$1,991,380





Breakout Prompt

Breakout Prompt

If additional funds were available, what programs and services should the District prioritize to best support students' academic success, well-being, and overall development?



Revenue

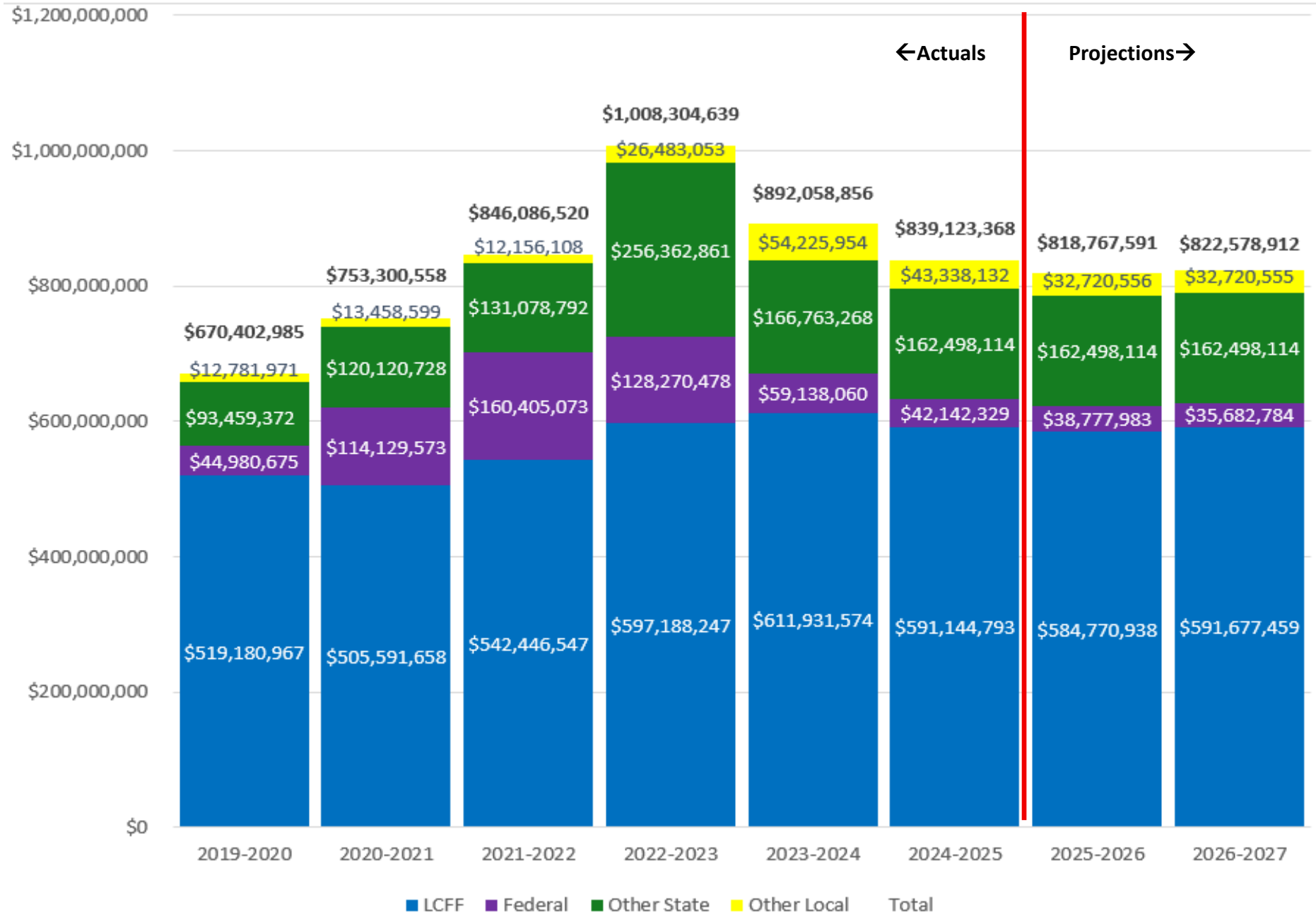


Revenue	2024-2025 Adopted Budget	2024-2025 First Interim	2024-2025 Second Interim	Variance Adopted -> 1st Interim	Variance 1st Interim - > 2nd Interim
LCFF Sources	\$585,498,126	\$577,184,010	\$591,144,793	-1.4%	2.4%
Federal Revenue	\$40,174,611	\$41,594,985	\$42,142,329	3.5%	1.3%
Other State Revenue	\$159,776,388	\$159,964,430	\$162,498,114	0.1%	1.6%
Other Local Revenue	\$33,421,695	\$31,743,789	\$43,338,132	-5.0%	36.5%
Total	\$818,870,819	\$810,487,213	\$839,123,368	-1.0%	3.5%

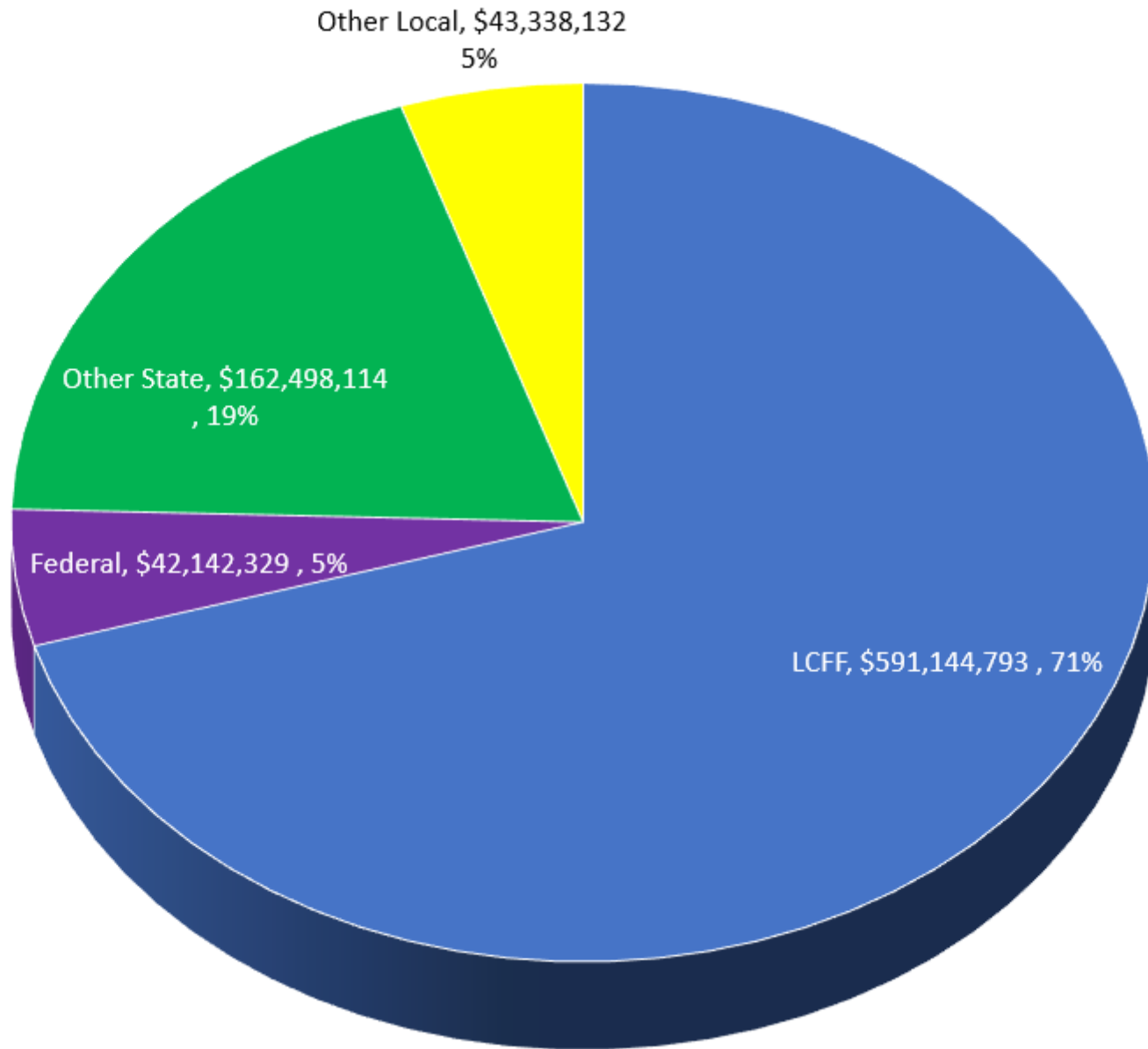
Variances

- LCFF
 - Unduplicated Pupil Count
- Other Local
 - Medi-Cal Reimbursement

Revenue



Revenue



Salaries & Benefits

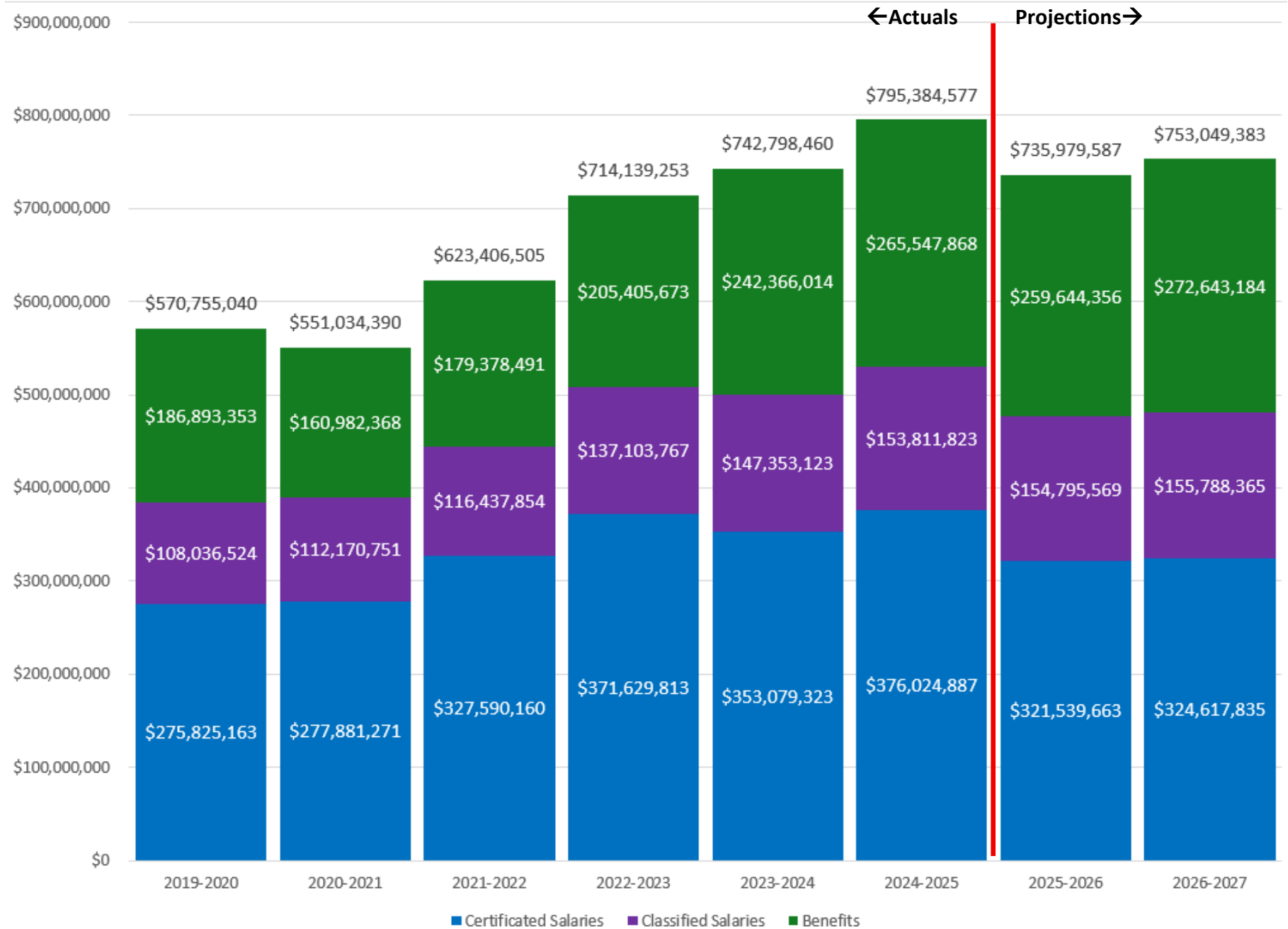
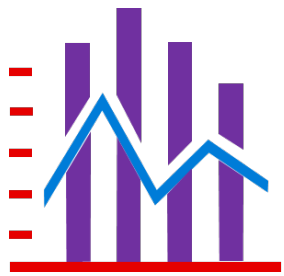


Expenditures	2024-2025 Adopted Budget	2024-2025 First Interim	2024-2025 Second Interim	Variance Adopted -> 1st Interim	Variance 1st Interim - > 2nd Interim
Certificated Salaries	\$362,689,191	\$376,115,814	\$376,024,887	3.7%	0.0%
Classified Salaries	\$150,594,413	\$153,880,329	\$153,811,823	2.2%	0.0%
Employee Benefits	\$264,911,817	\$266,054,902	\$265,547,868	0.4%	-0.2%
Total	\$778,195,421	\$796,051,045	\$795,384,577	2.3%	-0.1%

Variances

- No Significant Variances
 - Position Control Analysis and
 - Trend Analysis

Salaries & Benefits



Supplies, Services, & Capital Outlay

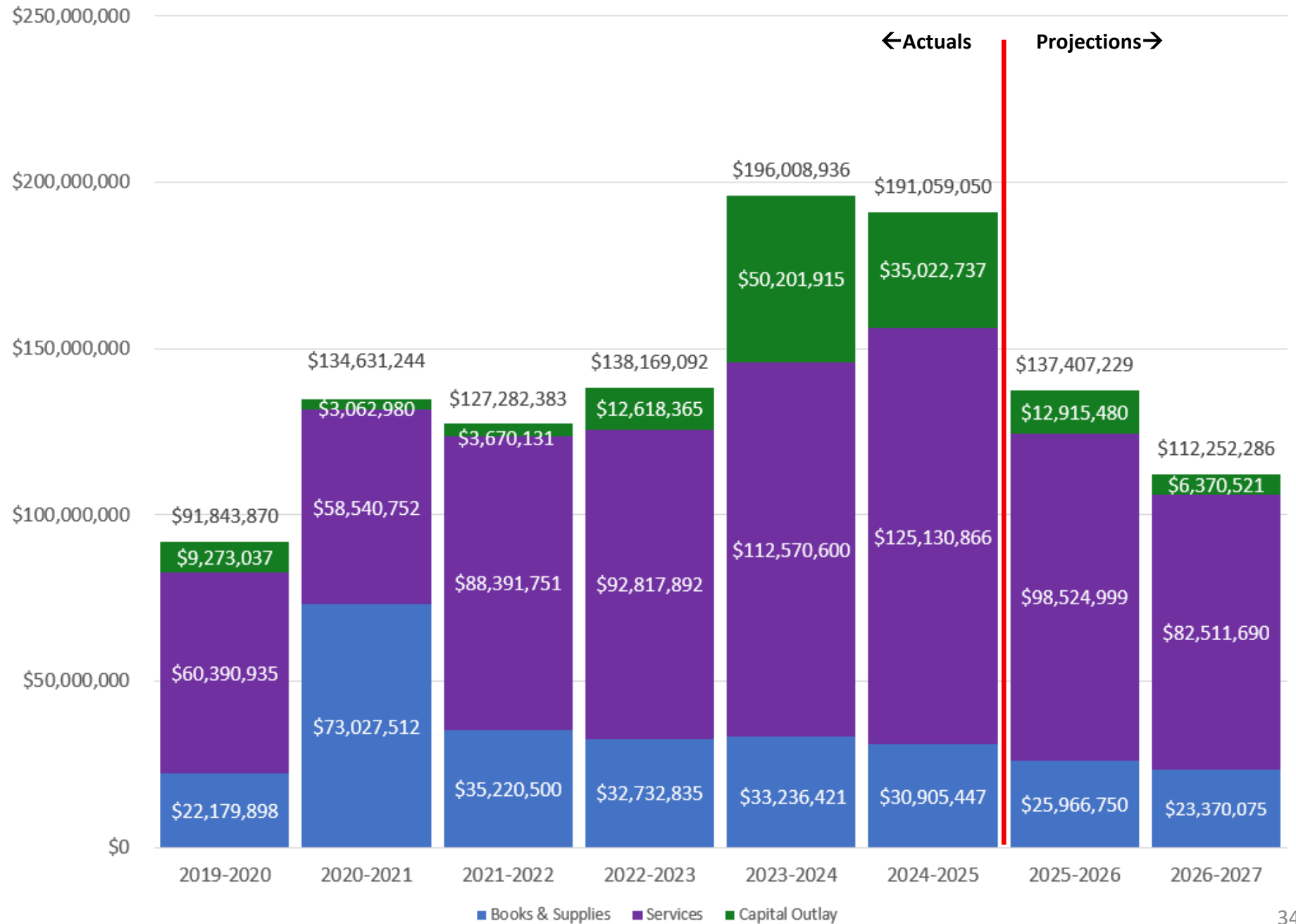


Expenditures	2024-2025 Adopted Budget	2024-2025 First Interim	2024-2025 Second Interim	Variance Adopted -> 1st Interim	Variance 1st Interim - > 2nd Interim
Supplies	\$35,979,265	\$38,596,066	\$30,905,447	7.3%	-19.9%
Services	\$121,978,216	\$127,978,736	\$125,130,866	4.9%	-2.2%
Capital	\$23,854,865	\$28,551,992	\$35,022,737	19.7%	22.7%
Other Outgo	\$4,021,447	\$4,091,447	\$4,091,447	1.7%	0.0%
Transfers (Indirect/Direct)	-\$3,171,436	-\$3,270,019	-\$3,275,598	3.1%	0.2%
Total	\$182,662,357	\$195,948,222	\$191,874,900	7.3%	-2.1%

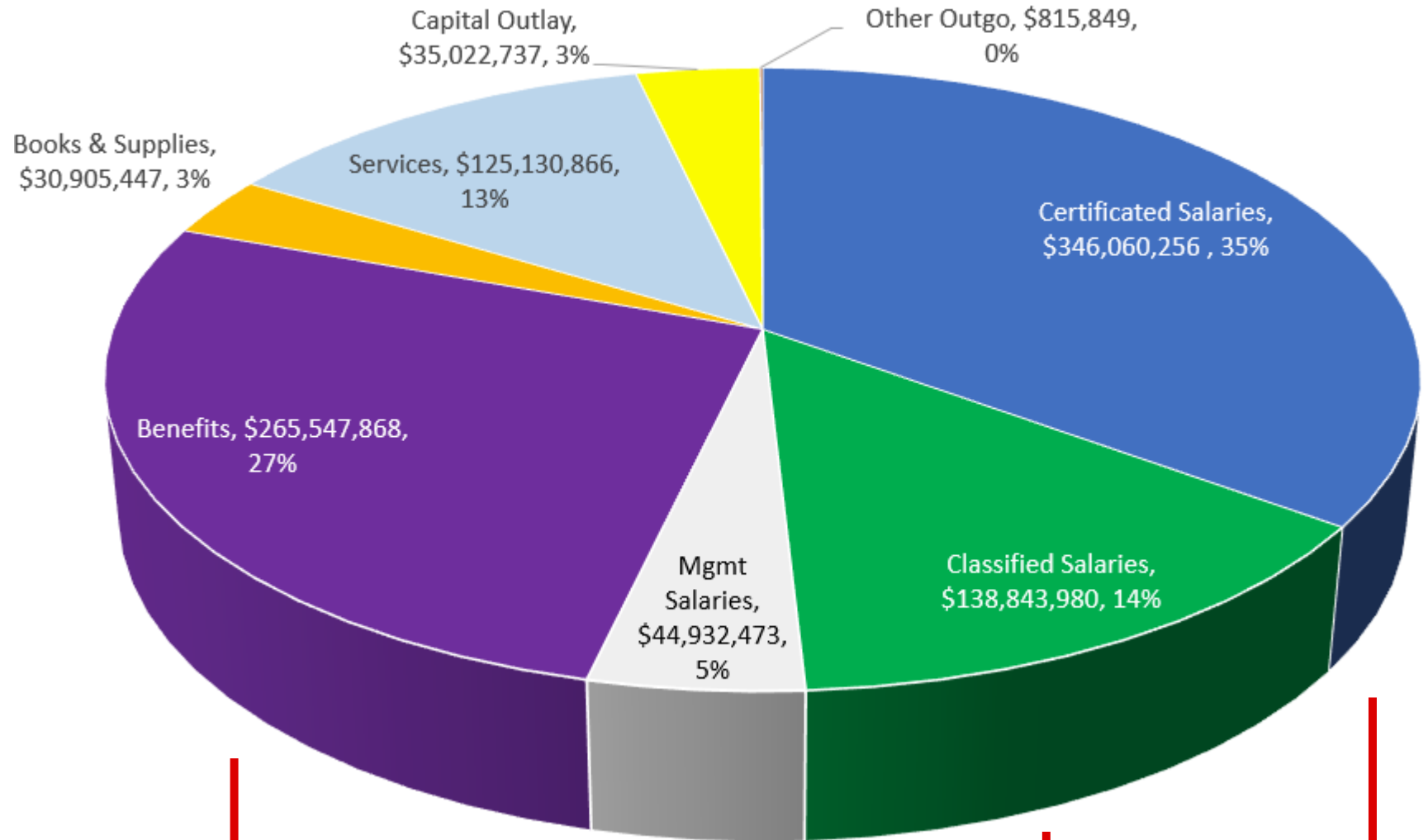
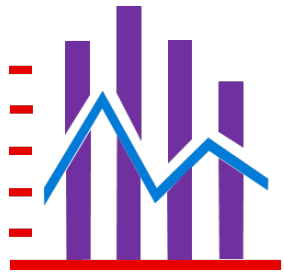
Variances

- Supplies
 - Trend Analysis
- Services
 - Re-coding of capital projects
- Capital Outlay
 - Additional capital projects
 - Accelerated technology purchase
 - Due to impending tariffs

Supplies, Services, & Capital Outlay

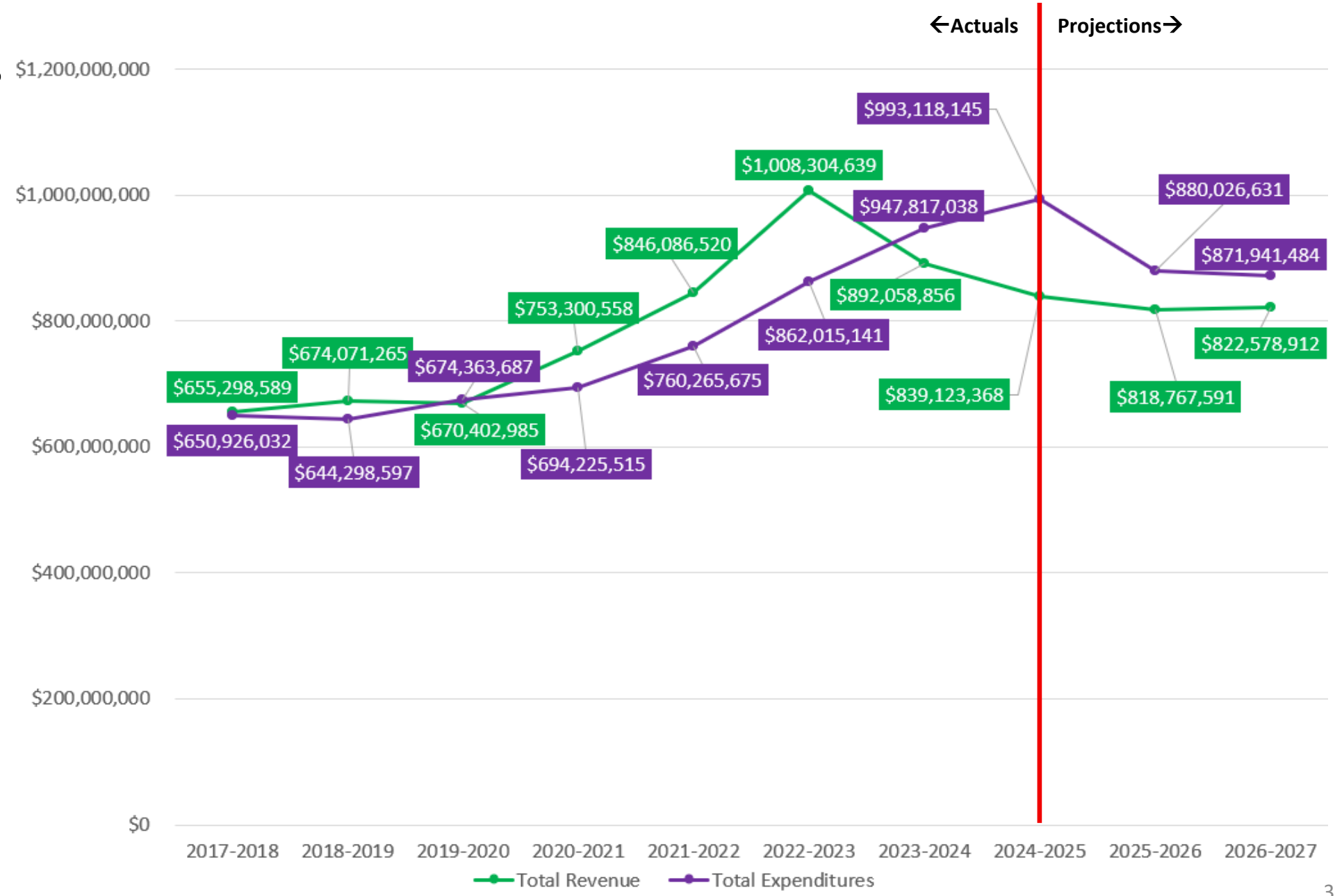


Expenditures

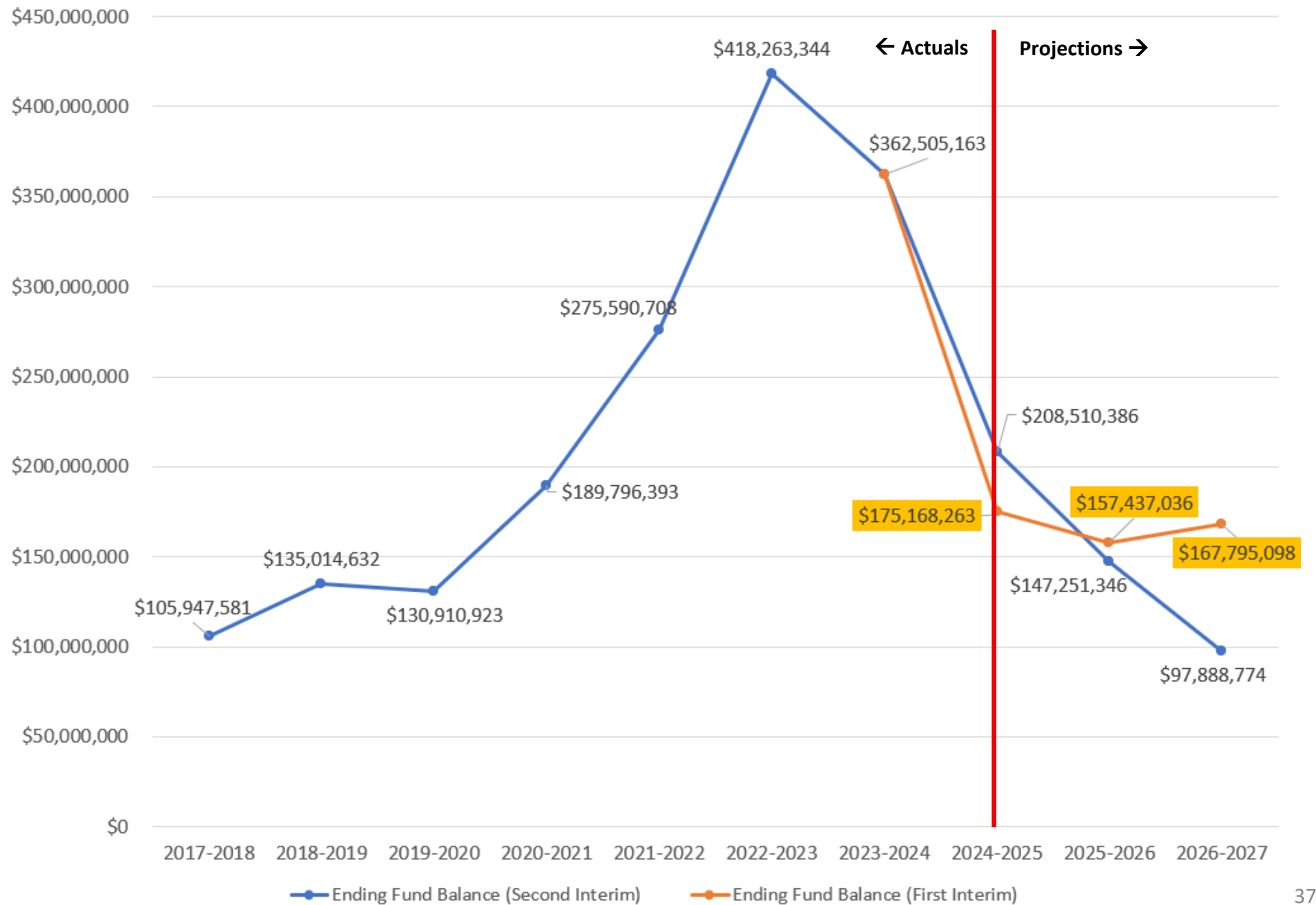


Salaries & benefits account for 81% of District expenditures (\$795M of the \$987M)

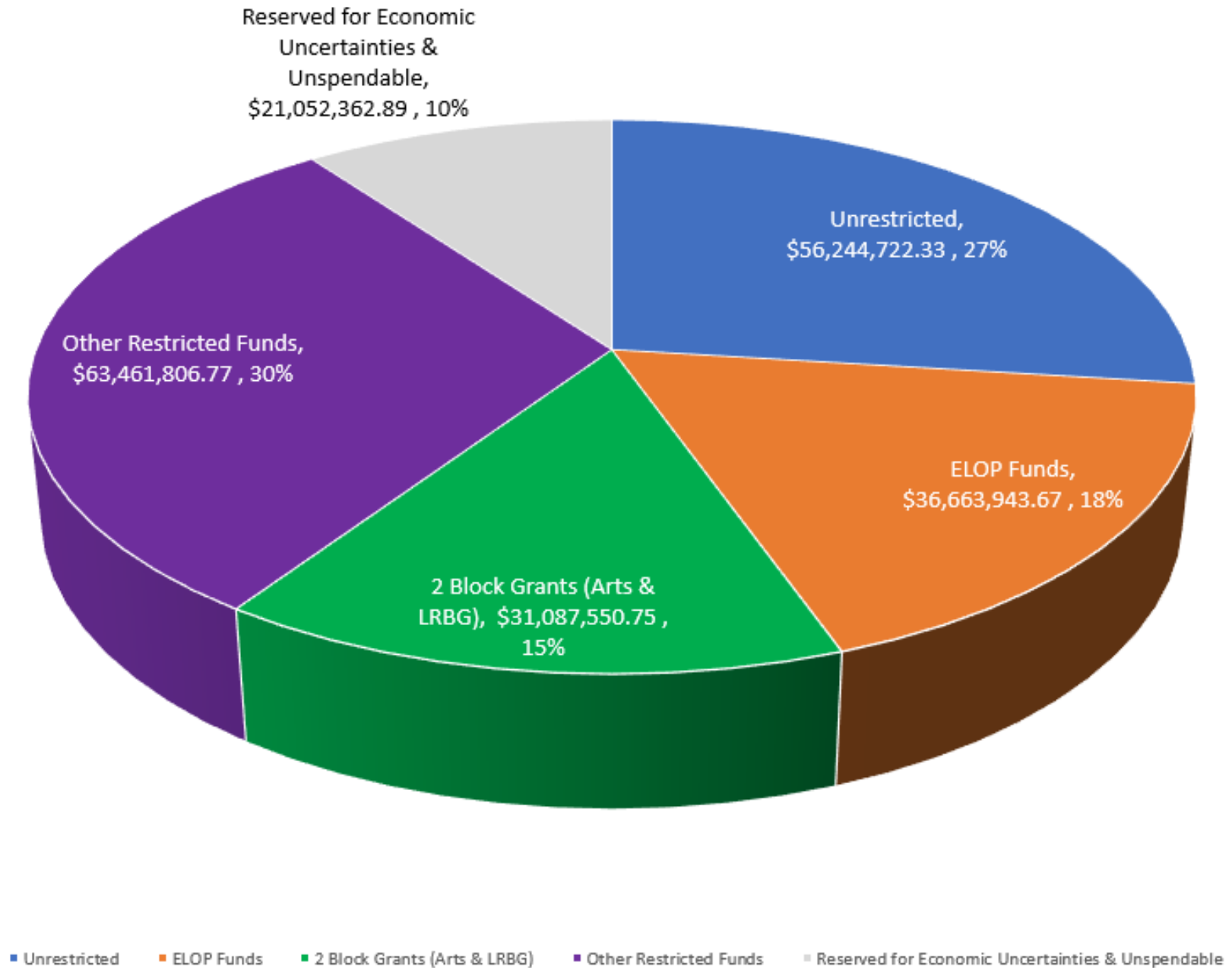
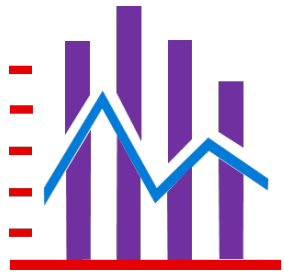
Total Revenue & Expenditures



Ending Fund Balance

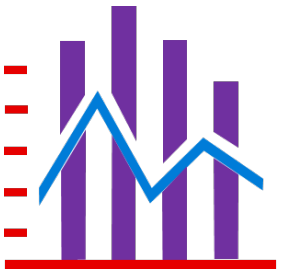


Ending Fund Balance



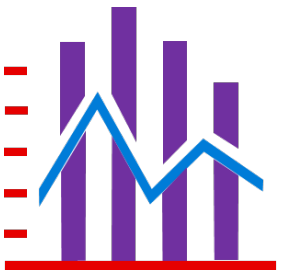
Next Steps

- Short Term (March and April)
 - Budget sub-committees formed and meet
 - Finalize core resolution
 - Continued review of supplies, services, and capital expenditures



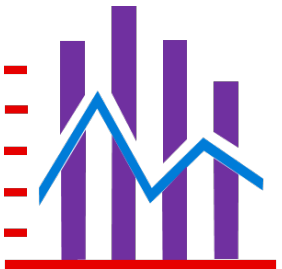
Budget Sub Committees

- Facilities
- Enrollment/ADA
- Operational Efficiency
- Site Funding Task Force

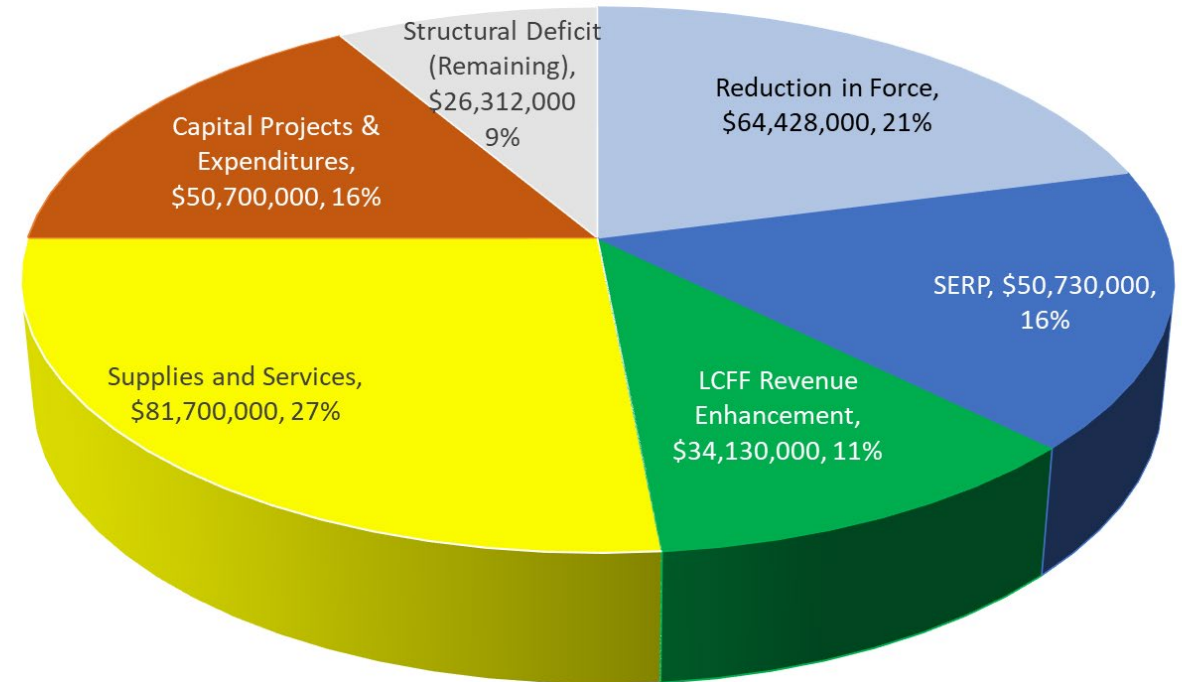


Next Steps

- Medium Term (May and June)
 - Implementation of core resolution (2025-2026 Budget)
 - Implementation of fiscal stabilization plan (2025-2026 Budget)
 - Continued review of utilities and waste management
 - Continued review of supplies, services, and capital expenditures
- Long Term
 - Consideration of solar improvements for GF savings
 - Continued review of supplies, services, and capital expenditures

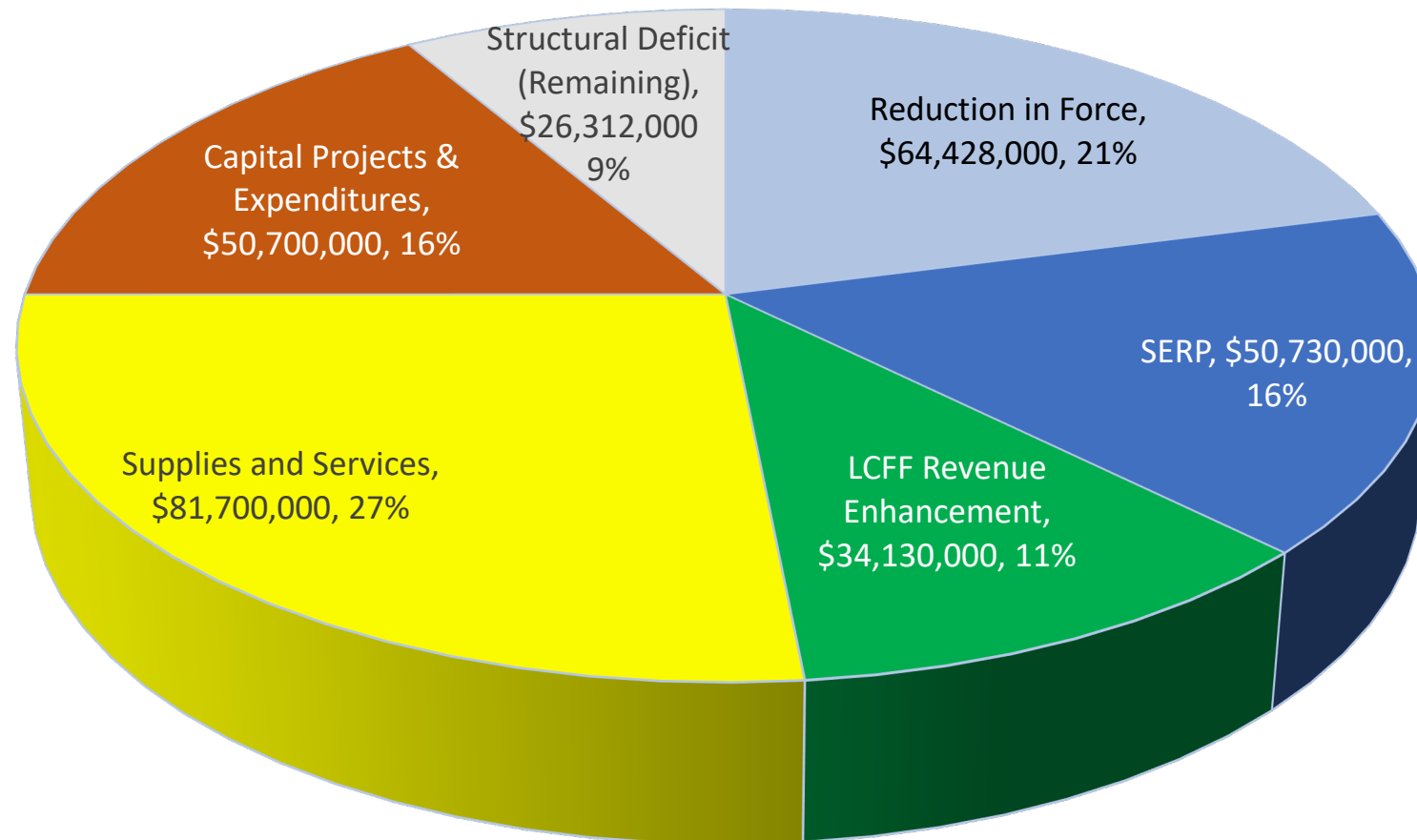


Deficit Reductions

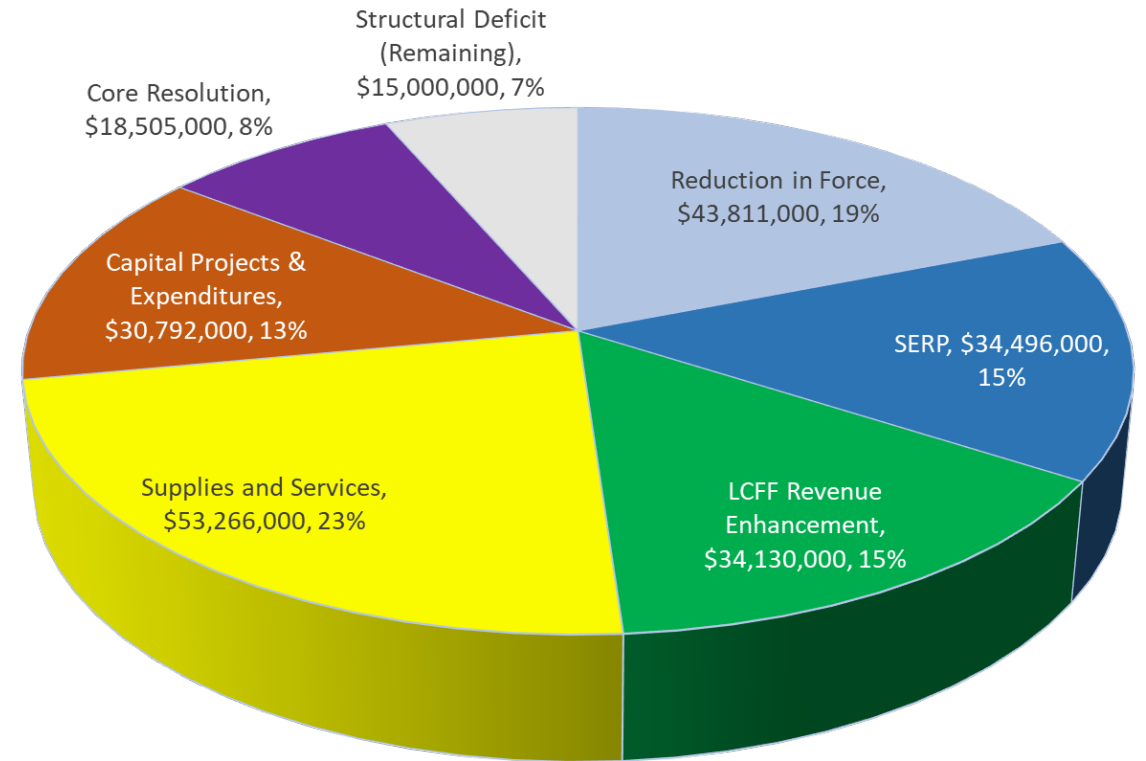


- Based on General Fund Annual Structural Deficit of \$154M
 - Both Unrestricted and Restricted
 - Multiplied X2 = \$308M
- Reductions in 2025-2026 and 2026-2027

Deficit Reductions

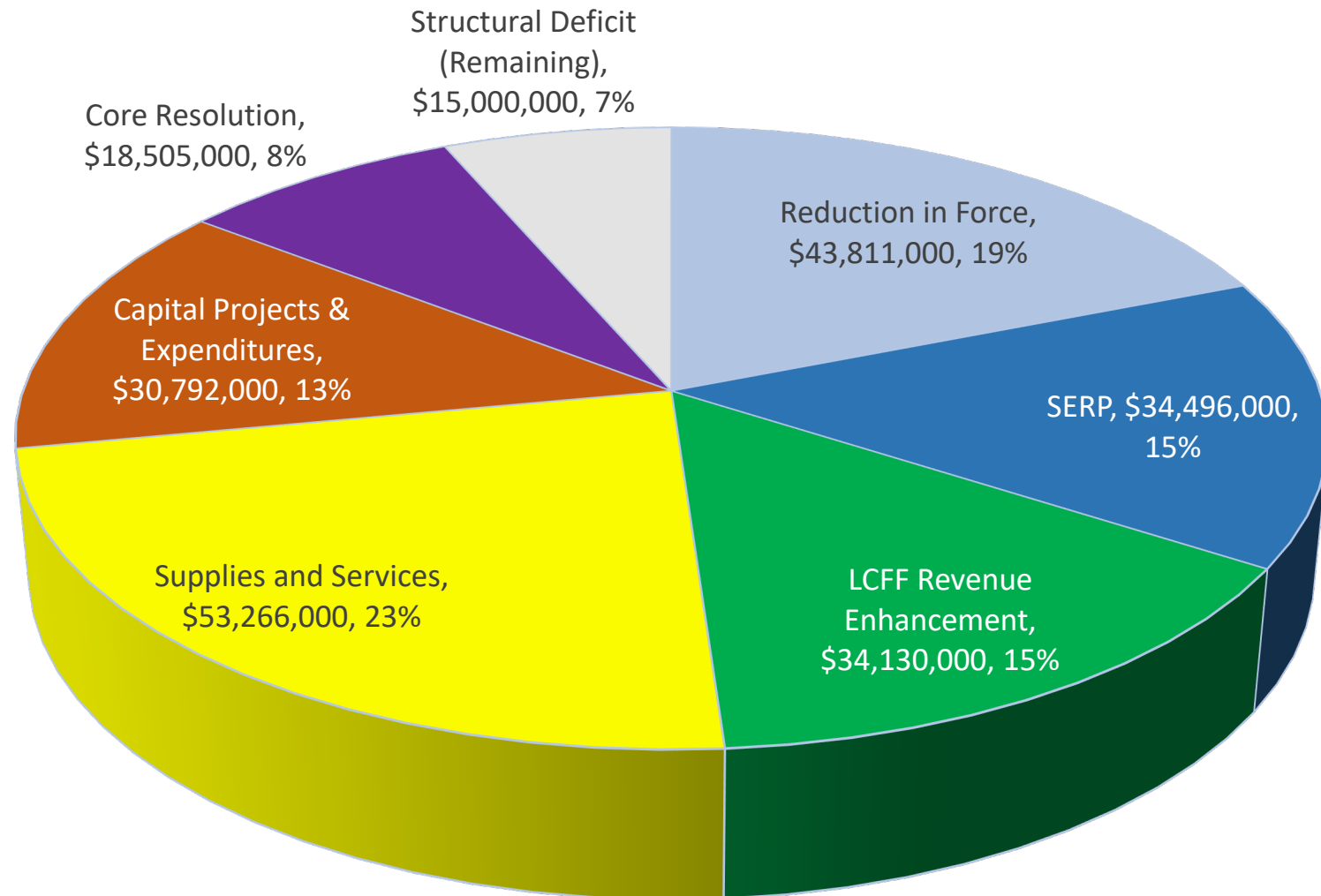


Deficit Reductions

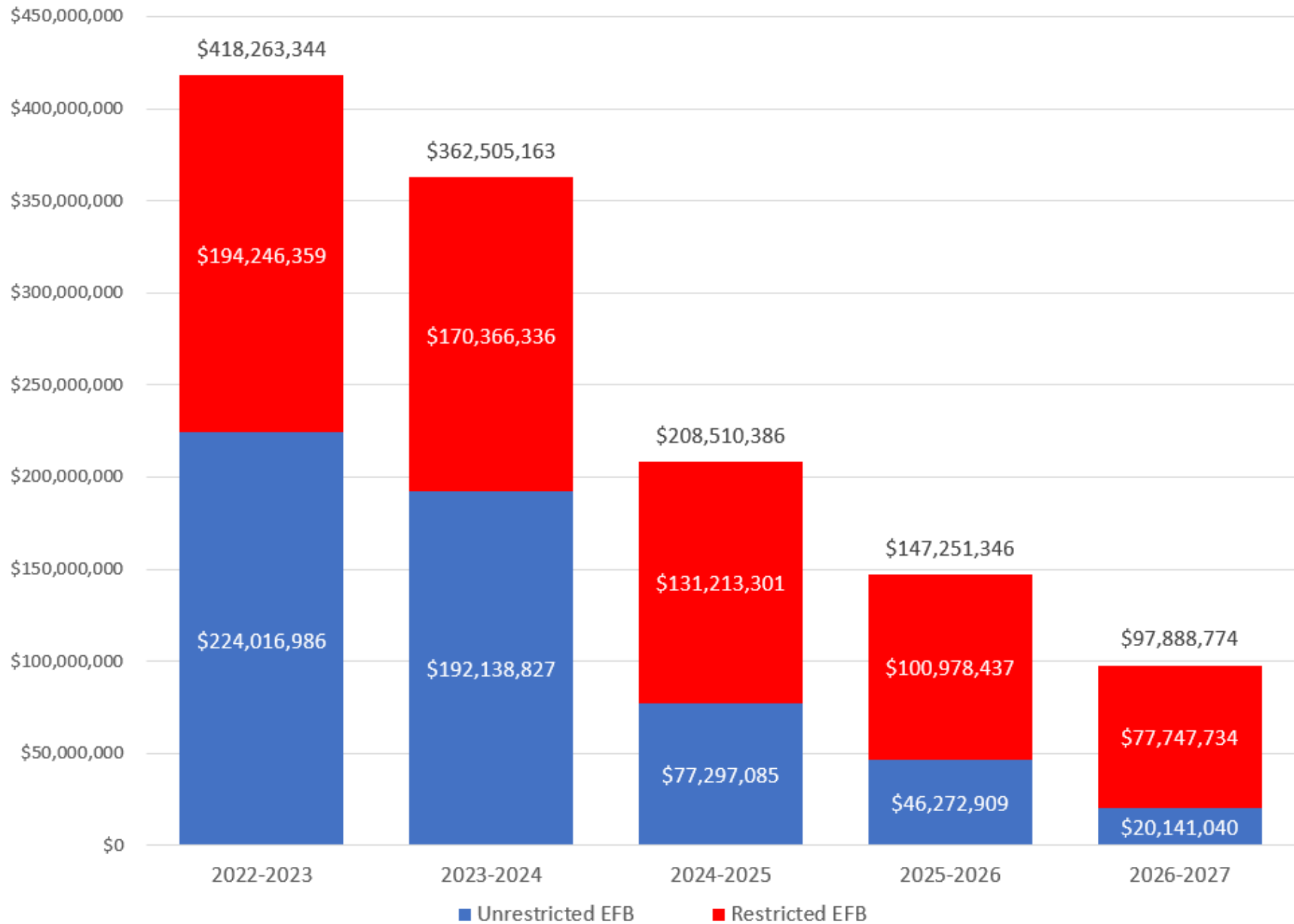
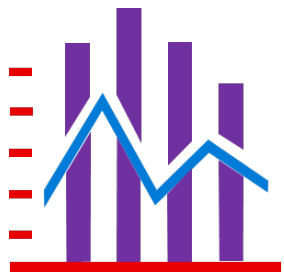


- Based on General Fund Annual Structural Deficit of \$115M
 - Only Unrestricted
 - Multiplied X2 = \$230M
- Reductions in 2025-2026 and 2026-2027
 - 64% of RIF and SERP reductions are Unrestricted

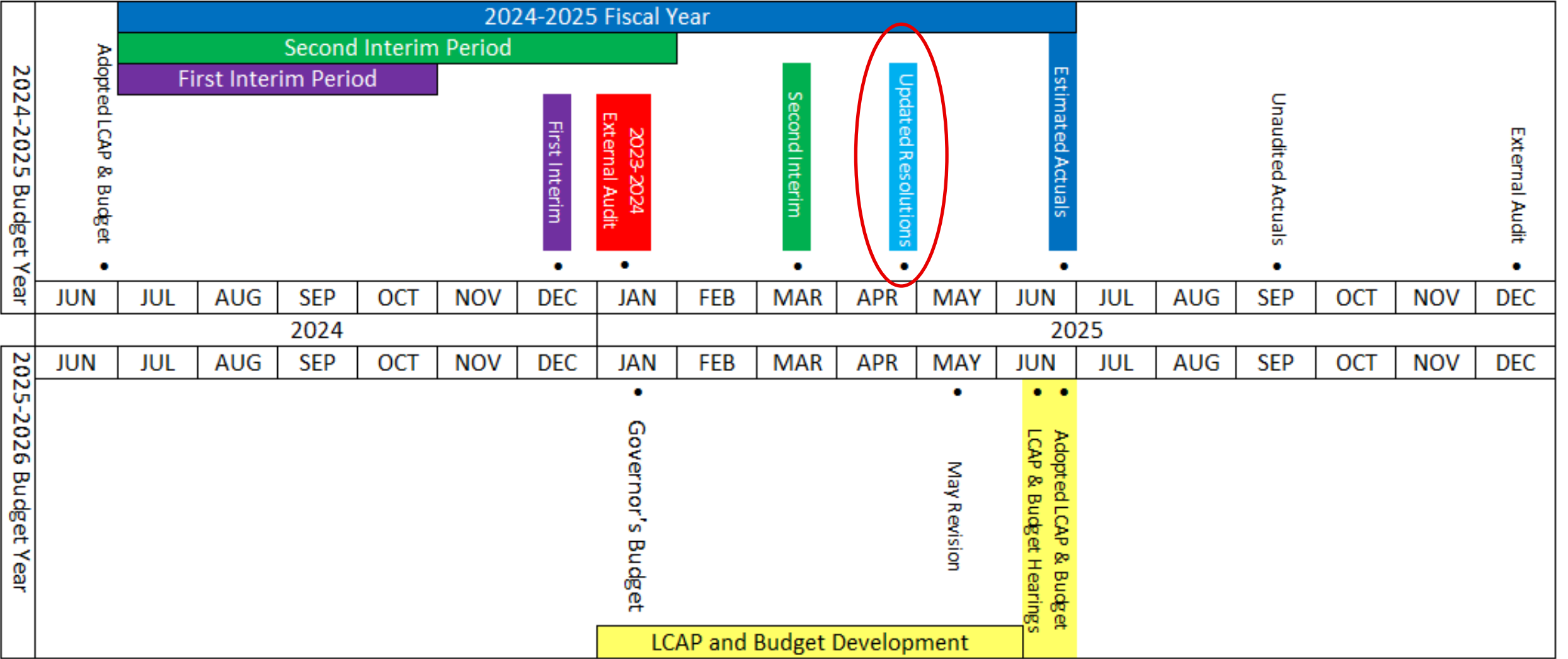
Deficit Reductions



Ending Fund Balance



Budget Timeline



Budget Discussions

2024-2025 Budget Year	2024-2025 Fiscal Year												2025-2026 Fiscal Year							
	Second Interim Period																			
	First Interim Period						1/15/2025 Labor Partners				3/18/2025 Labor Partners									
							1/26/2025 Leadership				3/26/2025 Leadership									
							12/18/2024 Webinar				3/19/2025 Webinar									
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2024										2025										
2023-2024 Budget Year	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
				10/9/2024 Labor Partners																
				9/25/2024 Leadership																
				9/30/2024 Town Hall																

Budget Discussions

2024-2025 Budget Year	2024-2025 Fiscal Year												2025-2026 Fiscal Year							
	Second Interim Period																			
	First Interim Period						1/15/2025 Labor Partners		3/18/2025 Labor Partners											
							1/26/2025 Leadership		3/26/2025 Leadership											
							12/18/2024 Webinar		3/19/2025 Webinar											
							12/19/2024 Town Hall		3/19/2025 Town Hall											
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
	2024												2025							
	2023-2024 Budget Year	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
					10/9/2024 Labor Partners		✓													
			9/25/2024 Leadership		✓															
			9/30/2024 Town Hall		✓															



Thank you!

Questions?