



**Santa Ana**  
Unified School District

# **Budget Study Session**

***February 1, 2011***

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1. Impact of State Budget to SAUSD
2. Budget Reduction Plan Options
3. Considerations
4. Next Steps



SAUSD has been required to make reductions to the budget each year beginning in 2004-05.

The cuts from 2004 through 2008-09 were predominantly due to declining enrollment and totaled **<\$120.6 million>**



Cuts in 2009-10 and 2010-11 totaled **<\$42.6 million>** of which \$20 million of the solutions were one-time uses of funds pushing the ongoing cut requirement to the following year



The current reductions required for 2011-12 are **<\$31.5 million>** which includes the \$20 million in one-time solutions from 2010-11

The second year, 2012-13 will require an **additional <\$30.5 million>** in budget reductions

In the 9 year span beginning in 2004-05 SAUSD has been required to identify and implement over **<\$225.2 million>** in budget reduction solutions



Use **one-time** sources of funds such as ARRA or Jobs Bill to address reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next

Utilize **one-time fund balances** to address required reductions for **one year**, effectively moving the ongoing budget reduction from one year to the next

An ongoing reduction: elimination or reduction of program; negotiated reduction; or reduction in staffing resulting in reduced expenditures.

Over 90% of the district budget is currently used to pay for staffing costs. 4



## STATE ACTION

- Governor's proposal is approved by the legislature
- 5 year tax extension plan is passed by the voters

## EFFECT ON SAUSD

- District receives “flat funding” and pushes the magnitude of the issue forward to the next year
  - Base Revenue Limit reduction of approximately **<\$1 million>**



## PROPOSED DISTRICT ACTION

- Cuts of \$31.5 million
  - **One time** use of jobs bill
  - **One time** uses of 2010-11 Base Revenue Limit funding (currently reserved)
  - Ongoing Health/Welfare savings (if any) and/or other reductions to be identified
  
- 2012-13 cuts of approximately \$15 - \$20 million remain to be identified by December 12, 2011







## STATE ACTION

- Governor's proposal is rejected by the legislature or voters reject the 5 year tax extension
- Base Revenue Limit is further reduced by approximately \$349/ADA
- Assumes "flexibility continues"
  - Tier III (extended through 2014-15)
  - CSR Penalty (extended through 2013-14)

## EFFECT ON SAUSD

- District must make planned reductions of **\$31.5 million** plus loss of additional base revenue limit **<\$4.0 million>**
- OCDE requires 2<sup>nd</sup> Interim Certification to be based upon Plan B assumptions by March 8, 2011





## PROPOSED DISTRICT ACTION

- Reductions of **\$31.5 million (Plan A)** + Loss of Additional revenue **<\$4 million>** require reductions of **\$35.5 million**
- One time solutions for 2011-12 magnify 2012-13 issue
  - **One-time** use of jobs bill
  - **One-time** use of district reserve funds
  - Ongoing Health/Welfare savings (if any) and/or other reductions identified for 2011-12
- 2012-13 cuts could be approximately \$30 - \$40 million with no reserves remaining to assist with unknowns or 2013-14







- Voters reject the Governor's plan. Base Revenue limit reduced by approximately \$349 / ADA (**Plan B**)
- Governor further cuts K-14 education by \$4 - \$6 Billion (\$400 - \$670/ADA)

## DISTRICT ACTION

- Cuts of approximately \$80+ million
- One time solutions for 2011-12 are not sufficient
  - One time use of jobs bill
  - All district reserve funds
  - Ongoing Health/Welfare savings (if any) and/or other reductions identified for 2011-12 in the range of \$40-50 million
- 2012-13 cuts will be about \$40 - \$50 million MORE to be identified with no reserves remaining to assist with unknowns



## STATE ACTION

- Governor's proposal is approved by the legislature **and** all \$12.5 billion in cuts are adopted including redevelopment agency shift
- 5 year tax extension plan is passed by the voters

## EFFECT ON SAUSD

- District receives "flat funding" ongoing with only \$19/ADA reduction
- **\$36.5 million** in required cuts
  - Base Revenue Limit increase ongoing by approximately \$12.8 million
- Revised cut target of **\$23.7 million** can be pushed to 2012-13
  - **One-time** use of 2010-11 BRL funds of \$13.8
  - **One-time** use of Jobs bill \$8.3 million




\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required	
			Plan A	Plan B
	Reductions required for 2011-12		<b>\$31.5</b>	<b>\$31.5</b>
	10-11 Base Revenue Limit increase	\$13.8	<b>\$17.7</b>	<b>\$17.7</b>
	Jobs Bills funds (one-time)	\$8.3	<b>\$9.4</b>	<b>\$9.4</b>
	Health and Welfare negotiations	\$3.0	<b>\$6.4</b>	<b>\$6.4</b>
	Increase expenditures for 2011-12	<b>&lt;\$4.0&gt;</b>	<b>\$10.4</b>	<b>\$10.4</b>
	Loss of \$19/ADA 2011-12 Base Revenue Limit <b>(Plan A)</b>	<b>&lt;\$1.0&gt;</b>	<b>\$11.4</b>	
	Loss of \$79/ADA 2011-12 Base Revenue Limit <b>(Plan B)</b>	<b>&lt;\$4.0&gt;</b>		<b>\$14.4</b>







\$ in millions

	<b>Additional Projected Expenses for 2011-12</b>	<b>Expenditure Increase</b>
	Maintenance and Operations (reduced Tier III sweep)	<b>\$0.5</b>
	Additional Special Education positions (increase in Autism program)	<b>\$0.5</b>
	Additional Unrestricted staffing (increased enrollment at specific elementary sites and projected enrollment)	<b>\$2.5</b>
	Additional Operational Expenses	<b>\$0.5</b>
	<b>Total Projected Increased expenses for 2011-12</b>	<b>\$4.0</b>



**Assumes \$14.4 million in unidentified reductions are made in 2011-12 (Slide 11)**

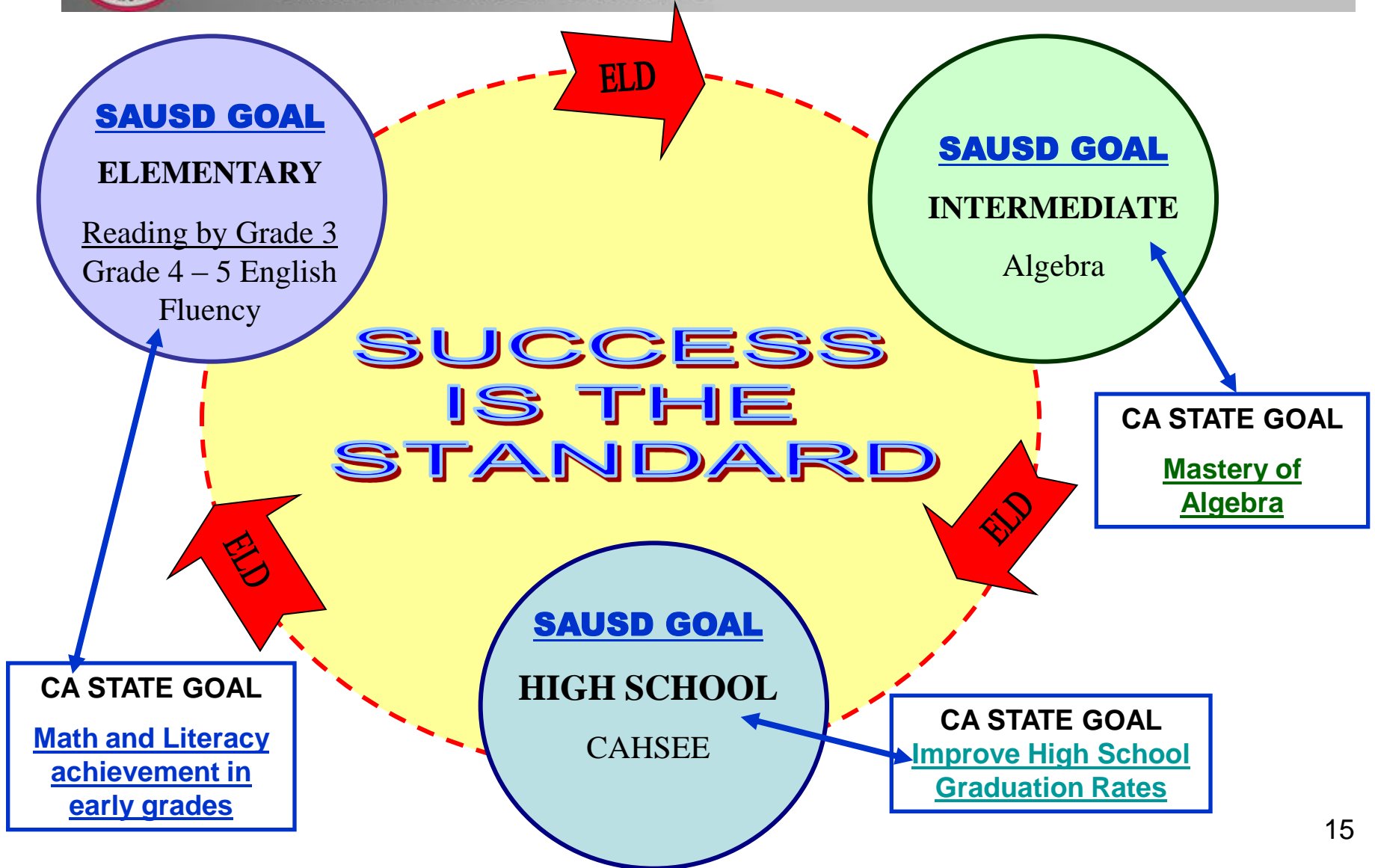
\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
	New Reductions required for 2012-13		<b>\$30.5</b>
	10-11 Base Revenue Limit ( <b>one-time</b> from 2011-12)	<b>\$13.8</b>	<b>\$44.3</b>
	Jobs Bills ( <b>one-time</b> from 2011-12)	<b>\$8.3</b>	<b>\$52.6</b>
	CSR Penalty Flexibility continues	\$11.0	<b>\$41.6</b>
	<b>One-time</b> Utilization of District Reserve funds (Fund 17 & 67)	\$13.5	<b>\$28.1</b>





- Consists of **one-time** funds currently \$9.5 million, for the time being identified for GASB 45 Liabilities
- For budget review purposes the State considers Fund 17 to be available for economic uncertainties just like the unrestricted general fund reserve
- CDE will now require that school districts eliminate Fund 17 and fold it into the unrestricted General Fund
  - Education Code 42840 Special Reserve Funds





## 2009-10 & 2010-11 Board Priorities

- Ensure fiscal solvency
- Grade K-3 Class Size Reduction (CSR)
  - Continue to offer grades 1 and 2 CSR for two years through 2010-11 using categorical funds
    - Grade 1 @ approximately 23:1; Grade 2 @ approximately 24:1
- Preserve counselor and library services
- Maintain athletics and music programs
- Safety
- Minimize the impact of cuts to our employees
- Continue to provide elementary sites with support staff to ensure academic achievement



- **What was saved and/or added:**
  - Grade 1 & 2 CSR (23:1 in Grade 1 and 24:1 in Grade 2)
  - Counselors
  - Added Library Media Techs / Computer Aides / Site Clerks for all Elementary sites
  - Athletics
  - The Elementary Music Program
  - School Police and District Safety Officers
  - Nurses
  - Maintained A+ Bond rating
  - Obtained SP1+ Bond rating for district's proposed TRANs
  - Issued \$9 million TRANs to mitigate risk of being unable to meet payroll &/or vendor payments
  - CalSafe and ROP programs maintained
  - Preserved funding for future textbook adoptions
  - GATE / CAHSEE / AVID Support
  - Preserved some of our TOSAs (Teachers on Special Assignment)
  - Outreach Consultants for Secondary sites
  - Restored School Police positions to 12 months
  - Increased Elementary Office Assistants from 4 to 6 hour positions
  - All permanent, RIFed teachers were brought back and/or offered re-employment opportunities with the district.



Board Priority / Program	Funding	Total Amount (Unrestricted)	Total Amount (Restricted)	Total Amount (\$ in millions)
Class Size Reduction - Grade 1 @ 23:1; Grade 2 @ 24:1	EIA (98 FTE) encroachment	\$1.5	\$8.1	\$9.6 million
Counselors	General Fund (22 FTE) Site Title I (39 FTE)	\$2.5	\$4.7	\$7.2 million
Library Media Techs	Tier III (51 positions)	\$1.7		\$1.7 million
Athletics	General Fund	\$3.5		\$3.5 million
Music Program	Tier III (12.8 teachers & 6 accompanists)	\$1.9		\$1.9 million
School Police - 20 (including DSOs - 38 (& 5 Alarm Monitors))	Unrestricted, ARRA Stabilization & Title IV	\$4.85	\$0.75	\$5.6 million
Nurses (24 FTE)	Unrestricted & Central Categorical Funds	\$1.6	\$0.8	\$2.4 million
TOSA/Outreach Consultant Elementary (36); Secondary (24)	Site Title I – Elementary Site EIA – Secondary		\$4.0 \$2.8	\$6.8 million
Site “must have” Classified Staffing includes Site clerks, Registrar, Computer, Athletic Equipment Attendant	Tier III, General Fund, Site Title I, ARRA	\$9.3	\$0.6 \$1.1	\$11.0 million
<b>Total</b>		<b>\$26.85</b>	<b>\$22.85</b>	<b>\$49.7 million</b>





Santa Ana  
Unified School District

# NEXT STEPS





Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Feb 8 Feb 22	Budget Update
Mar 8	Presentation of Second interim Report Approval of 2011-12 Budget Reductions Reach Decision on CSR for 2011-12 & future years

