



Santa Ana
Unified School District

2008-09 Budget Update

Third Interim

(Financial Information as of April 30, 2009)

May 26, 2009

Jane A. Russo, Superintendent

Cathie Olsky, Ed.D., Deputy Superintendent

Ron Murrey, Associate Superintendent, Business Services

Kelvin Tsunezumi, Executive Director Business Services

Tony Wold, Ed.D., Director, Program Quality Analysis



Santa Ana
Unified School District

The State Budget Crisis





- The State Economy has deteriorated further:
 - Current year, April tax collection: **-\$1.8 billion shortfall**
 - State unemployment rate at 11.2% (March 2009)
 - California's 2009 personal income to fall by **-1%** (1st decline since 1938)
 - **Negative** growth in 2009; Weak growth in 2010 & in 2011
 - The Legislative Analyst's Office (LAO) projects State operating **deficits** over the next 5 years
 - Anticipated 2009-10 Revenue shortfall: **-\$8 billion & growing**
 - Failure of May 19th Special Election propositions: **-\$6 billion**
 - **Governor declares total shortfall of -\$21.3 billion for 2009-10**
 - **LAO now projects shortfall in excess of -\$24 billion .**



- The Voters resoundingly rejected all propositions (except 1F)
- The “May Revision” is merely the Governor’s Proposal
- Any cuts / changes aren’t authorized without Legislative action
- Solutions proposed by the Governor:
 - **\$5.4 Billion reduction in K-14 Education**
 - **\$1.2 Billion reduction to UC / CSU Education**
 - **\$2.6 Billion reduction in Health Services**
 - **\$6.0 Billion in Borrowing (Revenue Anticipation Warrants)**
 - **\$1.9 Billion in Borrowing for Local Government**
 - **\$4.2 Billion reductions in State Programs**
 - **Increased tax withholding**
 - **Sale of State owned property (e.g. LA Coliseum, Orange County Fairgrounds, etc.)**
 - **State workforce reduction of 5,000 employees**



Santa Ana
Unified School District

The State Budget's Impact to K-12 Education & SAUSD



- **\$5.4 Billion cut to K-14 Education**
 - \$1.6 Billion in **THIS** school year 2008-09
 - \$3.8 Billion more for next school year
- 3 main types of reductions:
 - Revenue Limit \$2.7 Billion
 - Additional Unspecified Deferrals \$2.3 Billion
 - Community College \$824 Million



Santa Ana

Unified School District



Governor Arnold Schwarzenegger

“To solve our immediate cash crisis, we simply cannot avoid deep and painful cuts in spending. Some of these solutions are things I would never have considered in the past.....”

Jack O’Connell

State Superintendent of Public Instruction

“Cuts of this magnitude will have an immediate negative impact in every school in our state.”





- Current available information:
 - 2008-09 Revenue Limits Cuts
 - Reductions made with only one and a half months left in the fiscal year
 - Approximate impact: **-\$11.8 million for SAUSD or -\$225/ADA**
 - 2009-10 Revenue Limits Cuts: **-\$12.8 million for SAUSD or -\$244/ADA**
 - Eliminate High Priority Grant Funding for 2008-09: **-\$0.6 million for SAUSD**
 - To date, no other categorical program has been identified for elimination
 - Additional, unspecified deferrals of district apportionments
 - Above & beyond those already authorized
 - Proposes district flexibility to reduce the school year by 5-7 days
 - Proposed flexibility for up to 3 years
 - State would not unilaterally dictate day's reduction at the state level
 - Rather, each district would need to negotiate with their respective associations.



- At this point in time specifics and details are still vague and unclear.
- Per district conversation with School Services of California & Strategic Education Services, the State will release additional details on May 28th.



- The State previously initiated \$70 million in deferrals (for SAUSD)
 - Potential interest income lost (assuming a 2% rate): \$310K

Deferral	Cash	From / To	SAUSD \$ Amount of Deferral
Revenue Limit Deferral		From June to July	\$20 million
Revenue Limit Deferral		From Feb to July 2009	\$16 million
K-3 CSR Apportionment Deferral		From Feb to July 2009	\$5 million
Revenue Limit Deferral		From July to Oct. 2009	\$3 million
Revenue Limit Deferral		From Aug. to Oct 2009	\$26 million
Total			\$70 million

- The additional unspecified deferrals (proposed as part of the May Revise) will only add to the district's cash flow issues
- State deferrals results in a **projected cash shortfall** and a **possible need to borrow funds to meet payroll & other district obligations.**



Santa Ana
Unified School District

The Third Interim Report





- 3 Possible Certifications:
 - Positive
 - LEA will be able to meet its financial obligations for the current and two subsequent fiscal years
 - Qualified ← *District recommends a Third Interim Certification of Qualified*
LEA may not be able to meet its financial obligations for the current and/or two subsequent fiscal years
 - Negative
 - LEA will not be able to meet its financial obligations for the current or for the subsequent fiscal year



■ **General Fund (Unrestricted & Restricted)**

• **Total Revenue: \$483 million**

Unrestricted \$292 million / Restricted \$197 million



• **Total Expenditures: <\$504 million>**

• **Excess/Shortfall: <\$21 million>***

<\$17 million> Expenditures over Revenue and <\$4 million> in Interfund Transfers

• **Ending Fund Balance: \$29 million / 5.7% Reserve**

* **Deficit Spending after Interfund Transfers (Debt Service & Deferred Maint. Funds)**



Santa Ana

Unified School District

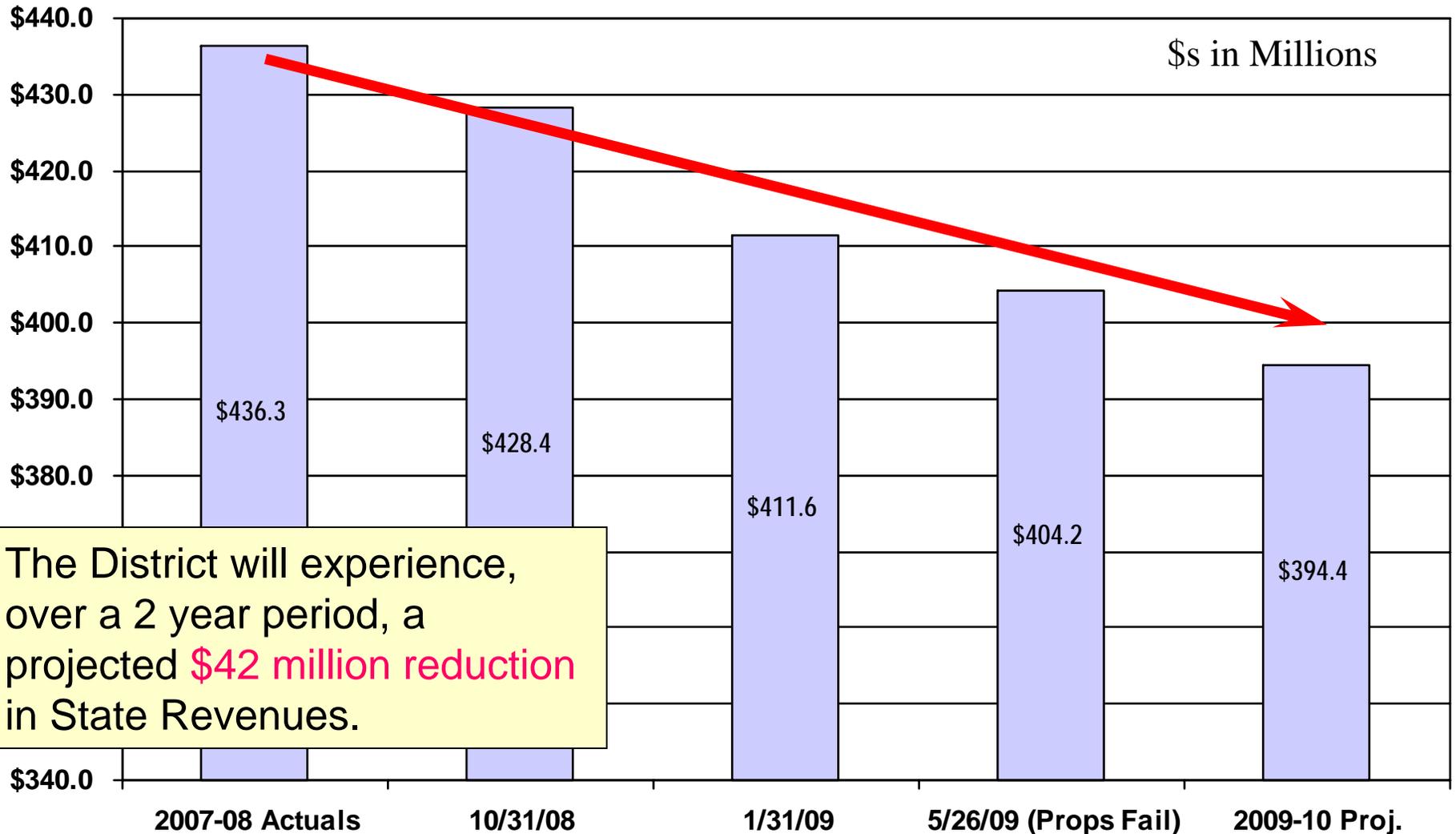
CBEDS / Enrollment Change

Fiscal Year	Enrollment	CBEDS Change (from Prior Year)
2001-02	60,788	+951
2002-03	60,973	+185
2003-04	59,895	(1,078)
2004-05	58,884	(1,011)
2005-06	56,563	(2,321) *
2006-07	54,839	(1,724)
2007-08	54,369	(470)
2008-09	54,584	+215
2009-10 Budgeted	54,824	+240

* Includes one-time loss of 343 SAUSD resident students to OCEEA Charter School



- Additional Revenue Limit reductions (per the May Revise):
 - 2008-09: **-\$11.8 million**
 - 2009-10: **-\$12.8 million**
- Enrollment/ADA loss has stopped
 - 240 enrollment growth in 2009-10 & assumed flat thereafter
- Grades 1-3 CSR no longer at 20:1 (effective 2009-10)
- 2009-10 EIA categorical funds set aside for (1) additional State Budget reductions and/or (2) supplemental positions
- Does not include Special Ed Behavioral Intervention Mandate revenues (originally anticipated starting 2009-10)



The District will experience, over a 2 year period, a projected **\$42 million reduction** in State Revenues.

← 2008-09 Revenues →



(\$s in 000's)	2008-09 Second Interim	2008-09 Third Interim	Difference
Revenue Limit	\$298,593	\$291,147	<\$7,446>
Federal Revenue	\$66,337	\$66,830	\$493
Other State Revenue	\$113,033	\$113,080	\$47
Other Local Revenue	\$11,232	\$11,819	\$587
Total	\$489,195	\$482,876	<\$6,319>

The revenue decrease is attributable to the May Revise which further reduced Revenue Limit funding by \$225/ADA. The reduction was partially offset by P2 ADA which came in higher than originally projected.



Inadequate State funding of our schools has resulted in Educational program reductions.

- ❖ 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, <\$21 million>



Total Budget Cuts to date (2004-05 thru 2010-11): <\$153.2 million!>



- Expenditures do not include COLA salary increases for 2009-10 or for any future years
- Includes salary increases related to step & column and longevity
 - Estimated at \$6.5 million for 2009-10 (Unrestricted & Restricted Combined)
- Salary & benefit budgets adjusted for vacancies / freeze
- Non-salary budgets adjusted downward given lower spending
 - Books & Supplies / Services / Utilities
- Grades 1-3 CSR no longer at 20:1 (effective 2009-10)
- Unspecified budget reductions:
 - 2010-11: \$21.0 million
 - 2011-12: \$2.5 million
- Elimination of deferred maintenance district match.



(\$s in 000's)	2008-09 Second Interim	2008-09 Third Interim	Difference
Certificated Salaries (Incl. Mgmt.)	\$254,735	\$253,689	<\$1,046>
Classified Salaries (Incl. Mgmt.)	\$64,475	\$63,918	<\$557>
Employee Benefits	\$94,789	\$96,008	\$1,219
Non-Salary Expenses	\$95,560	\$90,655	<\$4,905>
Total	\$509,559	\$504,270	<\$5,289>

Expenditure decreases are attributable to (1) Position vacancies / freezes / early retirement, (2) Freeze and reduced spending on Books / Supplies and Services, and (3) Reduced categorical spending due to funding reductions. The decrease was partially offset due to reinstatement of health & welfare benefits for 4 hour positions.



Santa Ana

Unified School District

2008–09 MYP
(as of April 30, 2009)

<u>(\$s in 000's)</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Revenues*	\$482,877	\$463,386	\$465,739
Expenditures*	\$504,270	\$478,785	\$465,182
Net Increase – Decrease	(\$21,393)	(\$15,399) ^	\$557 ^
Unrestricted	\$1,332	(\$15,987)	(\$1,027)
Restricted	(\$22,725)***	\$587	\$1,584
Required Reserve	5.7%	2.7% **	2.5% **

^ Does not include anticipated negotiations savings

* Includes Other Sources & Uses. 2010-11 figures include \$21 million in unspecified budget reductions.

** COLA Salary increases for these years (with the exception of 2008-09) 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.

*** Deficit is due primarily to spending down of State categorical carryovers from prior years.



- Orange County Department of Education has not allowed districts to include these funds in the 2nd Interim Report
- But their position is softening
- Over 2 years, 2008-09 & 2009-10, SAUSD is projected to receive Federal Stimulus as follows:
 - Title I Stimulus; \$6.8 million/year ?
 - IDEA Stimulus; \$5.7 million/year ?
 - Federal Stabilization Stimulus; \$7.2 million/year ?

**But when will funds
actually be received by
the District?**



- Concerns:

- Lack of clarity on the total award amount, the amount to be received in the first year, when we will receive these dollars, etc.
 - While the newspapers & Governor cites district receipt of these funds, as of today, we have not yet received any of these funds.
 - California Department of Education (CDE) states:
“.....we understand there are some issues and we haven’t been able to get an estimated payout day. Sorry.”
- Dollars come with restrictions
- Dollars received may be offset by add’l State budget reductions
- These are one time source of funds. We receive it only for 2 years.
- Dollars will help but it will not resolve all of our budget issues.



William M. Habermehl
Superintendent of Schools

William M. Habermehl, County Superintendent of Schools (OCDE)
“...the stimulus funding will not fill the gap created by State cuts.”



- Federal Stimulus dollars currently not budgeted given:
 - Funds still have not been received
 - Uncertainty as to:
 - When funding will be received
 - The total award amount
 - The amount to be received in the first year
 - Guidelines & restrictions
 - Maintenance of Effort issues.



Projected Ending Balances (All Other Funds)

Fund (all \$s in 000's)	2008-09 Second Interim	2008-09 Third Interim	Difference
Fund 11 - Adult Education	\$0	\$0	\$0
Fund 12 – Child Development	\$115	\$115	\$0
Fund 13 – Cafeteria	\$6,246	\$6,800	\$554
Fund 14 – Deferred Maintenance	\$735	\$735	\$0
Fund 17 – Special Reserve	\$9,459	\$9,459	\$0
Fund 21 – Building	\$1,994	\$1,994	\$0
Fund 25 – Capital Facilities	\$393	\$393	\$0
Fund 30 – State Sch Bldg-Lease-Purchase	\$0	\$0	\$0
Fund 35 – School Facilities	\$0	\$0	\$0
Fund 40 – Special Reserve/Capital Outlay	\$0	\$0	\$0
Fund 49 – Capital Projects (COP)	\$0	\$0	\$0
Fund 51 – Bond Interest & Redemption	\$7,776	\$10,213	\$2,437
Fund 56 – Debt Service	\$10,206	\$9,791	<\$415>
Fund 67 – Workers' Comp/Self-Ins.	\$14,106	\$14,082	<\$24>



- The 2009-10 Budget will be presented to the Board in June.
- 2009-10 numbers shown as part of the Third Interim will undoubtedly change as:
 - Additional May Revise details are released
 - 2009-10 Budget development incorporates detailed review of positions, expenditures & programs while 2009-10 projections from the Third Interim are developed via a macro approach.



Santa Ana
Unified School District

2009-10 Budget Development





**Board Agreement
Needed**

- **Agreement needed in the following areas:**
 - Site standardized staffing
 - Fund transfers (i.e. Fund 17, 40, etc.) to build General Fund reserves given State budget cuts
 - Maximize use of Federal on-going categorical funds to meet Board Priorities
 - Continue to work with associations to achieve negotiation savings
 - Reserve funds (EIA) for supplemental programs and/or addt'l State budget cuts
 - Staff for QEIA positions.
 - Continue with statutory notification of positions
 - As additional details related to the May Revise are released, and if needed, prepare for second layoff window (i.e. August layoff notices).



Santa Ana
Unified School District

How the Public & Community can Help the School District



Santa Ana

Unified School District

Go to our Website at
www.sausd.us

Santa Ana Unified School District - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Print Mail Word Excel PowerPoint Outlook

Address <http://www.sausd.us/sausd/site/default.asp> Go

DISTRICT Select a School... SIGN IN

Santa Ana
Unified School District

1601 East Chestnut Avenue
Santa Ana, CA 92701-6322
714.558.5501

PARENTS STUDENTS STAFF

Home About Us Business Services Educational Services Human Resources Facilities Curriculum Resources Calendar



SAUSD Calendar

Today
08:00 AM - 10:30 AM [DAC/DELAC Meeting](#)

Tomorrow
06:00 PM - [2009 Dinner of Champions](#)

May 21, 2009
[Senior Awards Night](#)

Welcome to SAUSD



**FAILURE IS UNACCEPTABLE!
SUCCESS IS THE STANDARD...
IT'S UP TO US ALL!**

Mission
The Santa Ana Unified School District is dedicated to high academic achievement, in a scholarly and supportive environment, ensuring that all students are prepared to accomplish their goals in life.

District News

Santa Ana Students Show Off Artistic Flair In Arts on the Lawn Event



Century High School Senior Selected as ADI of 2009 District Scholar

Santa Ana Unified School District

start | 7 Inter... | Applicati... | Request ... | 15 Micr... | 3 Micro... | 2008-09 ... | Talking P... | 2009-10 ... | 5:34 PM



Santa Ana Unified School District

Go to our Website at www.sausd.us

Santa Ana Unified School District - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites

Address <http://www.sausd.us/sausd/site/default.asp> Go

SAUSD Calendar

Today
08:00 AM - 10:30 AM [DAC/DELAC Meeting](#)

Tomorrow
06:00 PM - [2009 Dinner of Champions](#)

May 21, 2009
[Senior Awards Night](#)

02:00 PM - 05:00 PM [Student Health Fair at Valley High School](#)

06:30 PM - [CAC Meeting](#)

May 22, 2009
09:00 AM - [Roy Russell Dedication Ceremony](#)

11:00 AM - 11:30 AM [Dan Salcedo Bench Dedication Ceremony](#)

May 25, 2009
[Memorial Day](#)

May 26, 2009
06:00 PM - [Board Meeting](#)

May 27, 2009
05:00 PM - 06:00 PM [Madison Elementary Open House](#)

07:00 PM - [District Honor Choir](#)

Welcome to SAUSD



**FAILURE IS UNACCEPTABLE!
SUCCESS IS THE STANDARD...
IT'S UP TO US ALL!**

Mission
The Santa Ana Unified School District is dedicated to high academic achievement, in a scholarly and supportive environment, ensuring that all students are prepared to accomplish their goals in life.



Important Information on Flu for Parents & Community



State Budget Crisis
Keep informed with the latest updates

Celebrating Brilliance



District News

Santa Ana Students Show Off Artistic Flair In Arts on the Lawn Event



Century High School Senior Selected as a Class of 2009 Dell Scholar



Santa Ana School Police Officer Receives Commendation

SAUSD Hosting A Southeast Asian Parent Conference
SAUSD Seeks Applications to Fill a Vacant Seat on the Bond Oversight Committee

[More »](#)

RSS Feed

Quick Announcements

 **Internet Explorer 8 users:** Click [here](#) for help viewing our website.

- The **Santa Ana Youth Employment Program** is

Step #1: Click on the "State Budget Crisis" icon



Key State Decision Maker's Contact Information

- **Governor Arnold Schwarzenegger (Republican)**
State Capitol Building
Sacramento, CA 95814
Phone: (916) 445-2841
Fax: (916) 558-3160



- **Mr. Darrell Steinberg (Democrat)**
Senate President *pro tempore*
1020 N Street, #576
Sacramento, CA 95814
Phone: (916) 651-1529
Fax: (916) 327-8754



- **Ms. Karen Bass (Democrat)**
Assembly Speaker
5750 Wilshire Blvd., Suite 565
Los Angeles, CA 90036
Phone: (323) 937-4747
Fax: (323) 937-3466



- **Mr. Dennis Hollingsworth (Republican)**
Senate Minority Leader
27555 Ynez Road, #204
Temecula, CA 92591
Phone: (951) 676-1020
Fax: (951) 676-1030



- **Mr. Sam Blakeslee (Republican)**
Assembly Minority Leader
1104 Palm Street
San Luis Obispo, CA 93401
Phone: (805) 549-3381
Fax: (805) 549-3400



**Step #2: Contact
these key individuals.**



- **Senator Lou Correa (Democrat)**
2323 N. Broadway, Ste. 245
Santa Ana, CA 92706
Phone: (714) 558-4400
Fax: (714) 558-4111



- **Senator Tom Harman (Republican)**
950 South Coast Drive, Ste. 240
Costa Mesa, CA 92626
Phone: (714) 957-4555
Fax: (714) 957-4560



- **Assemblyman Jose Solorio (Democrat)**
2400 E. Katella Avenue, Suite 640
Anaheim, CA 92806
Phone: (714) 939-8469
Fax: (714) 939-8986



- **Assemblyman Van Tran (Republican)**
1503 South Coast Dr. #205
Costa Mesa, CA 92626
Phone: (714)668-2100
Fax: (714)668-2104



- **Assemblyman Chuck DeVore (Republican)**
3 Park Plaza, Suite 275
Irvine, CA 92614
Phone: (949) 863-7070
Fax: (949) 863-9337



**Step #3: Contact our
local legislators.**



Step #4: If desired, find the name and address of other Legislators.

Step #5: Use the sample template (or your own letter) asking for our Legislator's help in eliminating further cuts to Education. Please mail and if possible also call these decision makers to voice your concerns.