



**Santa Ana**  
Unified School District



# Budget Update

***July 14, 2009***

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- State Budget Update
- Identify Dollars That May Come Available For Use
- Superintendent's & Staff's Recommendation
- Ongoing State Budget Concerns



- State Deficit now at **\$26.3 billion** and growing
- Governor has proclaimed a state of emergency and called a special legislative session
- Governor has proposed the suspension of Prop 98 which would allow further educational revenue reductions
- State is issuing IOUs
- The Legislature and the Administration are still debating how to close the deficit. (The State cannot print money)





# Santa Ana

Unified School District

- This Budget is a long way from being done and some state that it is built on a house of cards



- School Services of California & Orange County Department of Education (OCDE) foresee revisions throughout 2009-10:
  - **There will likely be early, midyear, & late-year cuts**
  - **Advises district to, “Hold on to reserves!”**



<u>(\$s in millions)</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues	\$503.4	\$446.4	\$448.1	\$456.3
Expenditures	\$510.7	\$474.3	<b>\$447.0</b>	<b>\$455.5</b>
Net Increase – Decrease	<b>(\$7.3)</b>	<b>(\$27.9)</b>	<b>\$1.1</b>	<b>\$0.8</b>
Unrestricted	\$2.7	<b>(\$13.7)</b>	\$0.9	\$3.7
Restricted	<b>(\$10.0)</b>	<b>(\$14.2)</b>	\$0.2	<b>(\$2.9)</b>
Unrestricted Reserves	5.8%	2.8%	2.5%	2.6%

Includes unspecified budget reductions of \$33 million for 2010-11 (identified by December 15, 2009) as well as increased expenditures for step and column, utilities, etc.

Includes an additional \$4 million in reductions for 2011-12



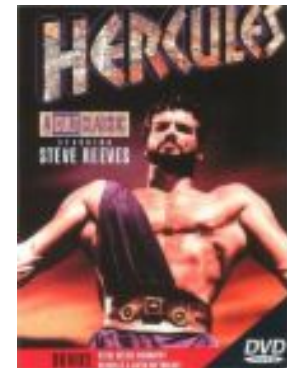
- The District's Adopted Budget and MYP Assumes:
  - Revenues increased for COLA in 2010-2011 and 2011-12
  - No repayment of Revenue Limit deficits in any of the years shown
  - Includes only Federal Stimulus revenues received up to June 15th
    - i.e. Stabilization (\$14.3 million) & Title I (\$5.1 million)
  - Inclusion of Step & Column salary increases
  - No COLA salary increases in any of the years
  - Unspecified unrestricted on-going, budget reductions as follows:
    - 2010-11: \$33 million **(Need to identify by December 15, 2009!)**
    - 2011-12: \$4 million
  - Despite talk of add'l budget reductions, no new State budget reductions are included in the current scenario
- Projected deficit spending in 2009-10 of -\$27.9 million
- Reserves close to minimum 2% (2009-10 thru 2011-12: 2.8%, 2.5%, 2.6%)



- Reducing budgets by a total of \$37 million will require a herculean effort
  - The low hanging fruit has already been picked



- Putting the number into perspective, a \$37 million reduction equates to one the choices below:
  - A reduction of 350+ teachers
  - Increasing every one of our classes by 10 students
  - Eliminating 40% of all classified & management personnel
  - Reducing the school year by almost a full month.
  - 9% Salary reduction for all staff



or

**Restoration of State Educational Revenues  
of at least \$700 per student !**



ELD

**It's what's best for our  
Students and their  
Academic Achievement!**

**ELEMENTARY**

Reading by Grade 3  
Grade 4 – 5 English Fluency

**FAILURE  
IS  
UNACCEPTABLE**

**We can't afford everything we  
want. We need to prioritize &  
pursue only those items that  
will allow the biggest impact  
on student welfare and  
achievement.**

SCHOOL  
HOUSE







- ✓ Preserve Counselor & Library Services
- ✓ Maintain Athletics & Music Programs (Urban Impact)
- ✓ Safety (Urban Impact)
- ✓ Minimize the Impact of Cuts to Our Students & Employees
- ✓ Provide Elementary Sites with Support Staff to Ensure Academic Achievement
- ✓ Ensure Fiscal Solvency
- Grades 1–3 Class Size Reduction (CSR)
  - Review CSR budget possibility beginning in Grade 1.



Unallocated <u>Ongoing</u> Categorical Funds	Total Funds
EIA – Site Funds	\$16.0 Million

← Ongoing

EIA Funding is at Risk until the budget is adopted  
And assuming no additional State cuts occur

One-time →

Unallocated <u>One-time</u> Stimulus (Categorical) Funds	Funds already available	Add'l funds available in 2009-10?	Total Funds
ARRA Title I Stimulus – Site Funds	\$5.1 million	\$6.2 million	\$11.3 million
ARRA IDEA - Special Education Funds	\$2.3 million	\$9.0 million	\$11.3 million
ARRA Stabilization Funds	\$0.0*	\$4.9 million	\$4.9 million
<b>TOTAL</b>	<b>\$7.4 million</b>	<b>\$20.1 million</b>	<b>\$27.5 million</b>

Unallocated <u>One-time</u> District Reserves	Total Funds
Fund 17	\$9.0 Million

Staff recommends maintaining Fund 17 in reserve in preparation for additional State budget reductions



- Continue to focus on meeting all Board priorities.
- The Superintendent and Staff recommend staffing 1<sup>st</sup> grade at all Elementary schools at an approximate 23:1 ratio for the 2009-10 school year
  - Goal is to continue the funding of Grade 1 CSR for the 2010-11 school year based on ongoing budget projections.



- An approximate class size of 23:1 in Grade 1 will require roughly 45 FTEs

Student to Teacher Ratio	Add'l FTE	Total Cost	Approximate CSR Revenue*	Net Cost
23:1	45	\$3.9 million	\$0.8 million	<\$3.1 million>

- Title I ARRA available at Elementary sites = \$1.7 million
- Ongoing EIA funding of \$1.4 million would also be used
- No projected net facility cost for 23:1 in grade 1 based upon ongoing modernization plans at open space schools



We realize that district resources have been severely reduced, that teachers and staff are being asked to do more with less.

As we make adjustments to restore positions / programs,  
we need to remember that we are required by OCDE to reduce  
SAUSD's 2010-11 budget by **\$33 million dollars**  
(by December 15<sup>th</sup>, roughly 5 months from today!),  
plus another  
**\$4 million dollars** in 2011-12.