



Santa Ana
Unified School District

Budget Study Session

March 1, 2011

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1. Board Budget Priorities
2. Impact of State Budget to SAUSD
 - › Plan B – If the Governor's Proposed Tax Extension Passes
 - › Plan C – LAO Recommendations for an "all cuts" Budget
3. Ongoing Budget Reduction Considerations
4. Strategies for 2012-13 Reductions
5. Next Steps



Board Priorities 2011-12 through 2015-16



- Ensure fiscal solvency (*legally required*)
- **Preserve staff**
 - Continue to provide Elementary support staff
- Maintain integrity of programs
 - Continue to protect services to the most vulnerable students
- Find other ways to reduce expenditures
- School Safety
- Maintain athletics and music programs
- **Reduced class sizes in grades 1 & 2**








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OCDE Required 2011-12 Reductions

\$ in millions

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







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OCDE Required 2012-13 Reductions

Assumes \$14.4 million in unidentified reductions are made in 2011-12 (Slide 4)

\$ in millions

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



- Utilizing one-time solutions in both 2011-12 (**Jobs bill & unexpected base revenue limit increase from 10-11**) and 2012-13 (**Fund 17 reserve balances**) SAUSD will still be required to make additional unidentified budget reductions of:
 - **\$14.4** million for 2011-12 (by March 8, 2011)
 - **\$28.1** million for 2012-13 (by December 13, 2011)



Current Worse Case Scenario

- Utilizing one-time solutions in both 2011-12 (**Jobs bill & unexpected base revenue limit increase from 10-11**) and 2012-13 (**Fund 17 reserve balances**) SAUSD will still be required to make additional unidentified budget reductions of:
 - ~~— \$14.4 million for 2011-12~~
 - **\$30.9 - \$41.9** million for 2011 – 12
 - **\$14.4 million** to be identified by March 8, 2011
 - **\$28.1** million for 2012-13 (by December 13, 2011)



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Plan C

2011-12 Reductions

Current Worse Case Scenario

\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
			Plan C
	Reductions required for 2011-12 Additional expenditures Loss of \$79/ADA Additional Loss of Revenue (Plan C) Elimination of QEIA (LAO letter to Senate)	<\$31.5> <\$4.0> <\$4.0> <\$16.5> <\$11.0>	\$67.0
	10-11 Base Revenue Limit <u>(one-time)</u>	\$13.8	\$53.2
	Jobs Bills <u>(one-time)</u>	\$8.3	\$44.9
	Health and Welfare negotiations	\$3.0	\$41.9



- Sweep Instructional Materials (Tier III)
 - \$3 million ongoing (through 2014-15)
 - \$5.5 million one-time existing in designated reserves
- Eliminate Unrestricted Funding (Tier III) for Comprehensive High School Summer School
 - \$1 million ongoing (through 2014-15)
- Sweep Tier III ending balances
 - \$1 million one-time
- Fund 17
 - \$13.1 million one-time
- Reduce Reserve to 2%
 - \$15-20 million one-time



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Comprehensive High School Summer School Considerations










- District provides make-up classes for students who are credit deficient
 - General Fund (Tier III) support of over \$1 million
- No “go-ahead,” accelerated, or elective classes can be offered due to budget
- Comprehensive High School Summer School is not a core program
- Facility modifications will require closing of several secondary sites this summer
- Transformational Comprehensive High Schools could use supplemental funds for “extended learning time” that are available for the next 3 years (Godinez and Segerstrom do not have that option).





\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
			Plan B
	Reductions required for 2011-12		\$31.5
	10-11 Base Revenue Limit <u>(one-time)</u>	\$13.8	\$17.7
	Jobs Bills <u>(one-time)</u>	\$8.3	\$9.4
	Health and Welfare negotiations	\$3.0	\$6.4
	Increase expenditures for 2011-12	<\$4.0>	\$10.4
	Loss of \$79/ADA 2011-12 Base Revenue Limit (Plan B)	<\$4.0>	\$14.4
	Sweep of Instructional Materials (Tier III)	\$2.0	\$12.4
	Eliminate unrestricted funding (Tier III) of Comprehensive High Summer School	\$1.0	\$11.4

Recommended solution: Temporarily utilize reserves (one-time) and work with associations to identify ongoing cuts for 2011-12 by June 2011 (Third Interim)



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Identifying Ongoing Budget Reductions



- 2011-12 unidentified budget reductions required = **\$11.4 million**
= **\$27.9–\$38.9 million**
- 2012-13 unidentified budget reductions required = **\$28.1 million**

**One-time solutions are exhausted
and remaining solutions are limited**

- › Negotiated Reductions
- › Staffing Reductions (limited by preferential sub requirement)
- › Program Reductions (limited to mostly summer and bell schedule)



- Class sizes K-3 have increased from 20-21 in 2008-09 to approximately 25 in 2010-11
- Grades 4 – 12 class sizes have increased about 3 or more per grade
- 60% of districts have reduced the school year (30% are already down to 175 days)
- 93% of districts have used all, or most, Tier III flexible funding to meet “any educational need”
 - The most common eliminated programs are Arts and Music, Community Based English Tutoring and High School Class Size Reduction
- **One-time** ARRA and Jobs Bill funding is being used by most school districts to maintain positions or reduce temporarily negotiated furlough days
 - ARRA funding expires at the end of the 2010-11 fiscal year
 - Jobs Bill funding expires at the end of the 2011-12 fiscal year



- Substitute Cost Preferential Treatment:
Education Code 44956(a)(5)
 - Provides laid off permanent, certificated a preferential right to be:
 - The first on the list to be called as a substitute
 - and if they serve as a certificated substitute for 21 or more days within a period of 60 days, will receive their per diem rate of pay (retroactive to the first day of substitute services)
 - Currently the District utilizes approximately 100 certificated substitutes on a daily basis



- One-time Federal funds
 - Must be used to maintain or create jobs
 - Must be expended by the end of 2011-12 school year
- For use as a **one-time** budget reduction
- Currently funded positions must be reduced or eliminated to reduce required budget reductions for 2011-12 for one year by:
 - Allowing the continued employment of a group of employees for 2011-12 **(the employee group would not be funded for 2012-13)**
 - Or, to restore an ongoing negotiated reduction, such as furlough day, for a group of employees **(the reduction would occur in 2012-13)**



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively) for <u>ongoing reductions</u> and utilization of Jobs Bill funds
March 1	Board Budget Study Session
Mar 8	Presentation of Second interim Report Approval of 2011-12 Budget Reduction measures Reach Decision on CSR for 2011-12 & future years



Back Up Slides

(Intended for a deeper understanding of the issues, but will not be covered in the presentation unless a Board member refers to it)



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Funding Sources and Cost of Board Priorities (for 2010-11)

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 Dispatchers)	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
Total		\$26.85	\$22.85	\$49.7 million



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Board Achievements (2009-10 & 2010-11 School Year)

- 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.



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History of District Budget Reductions

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 that were 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



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 2nd 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





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






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Projected 2011-12 Additional Expenditures

\$ in millions

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



Required Budget Reductions

Required reduction assumptions are based upon the Governor's proposed budget and OCDE guidance

2011 – 12

- **\$31.5 million** in required reductions
 - **\$79/ADA** reduction in Governor's "flat funding" budget **<\$4 million>**
 - Additional Operating expenses for 2011-12 **<\$4 million>**
 - Required reductions of **\$38.5 million**

2012 – 13

- Additional **\$30.5** million in required reductions
 - CSR Penalty flexibility continues \$11 million in revenue
 - Any **one-time** solutions for 2011-12 will increase the required reductions for 2012-13
 - Required reductions of **\$19.5 million**

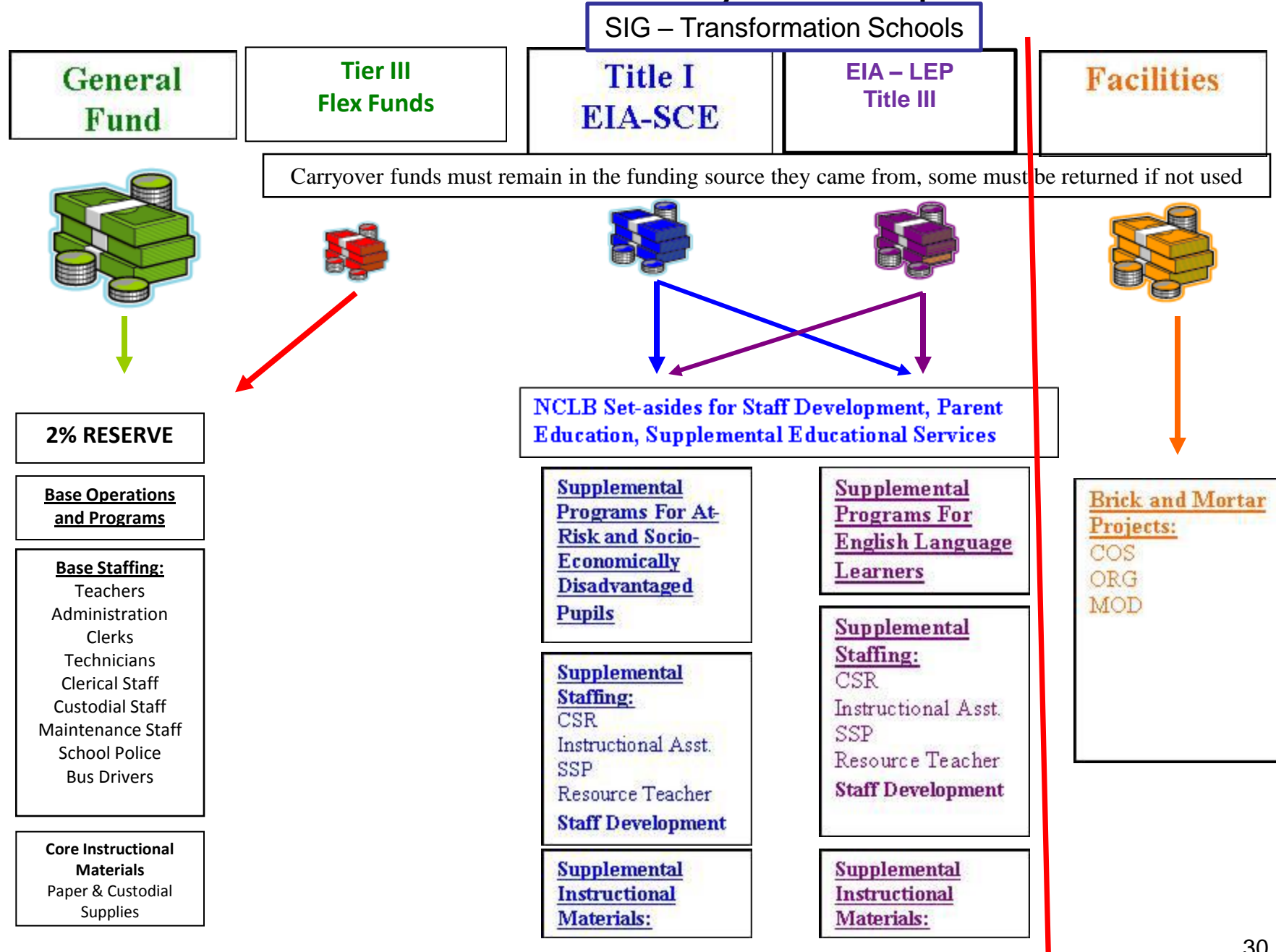


- Consists of **one-time** funds currently \$9.5 million currently identified for GASB 45 Liabilities
- For budget review purposes the State considers Fund 17 to be available for economic uncertainties just like the unrestricted general fund reserve
- CDE will now require that school districts eliminate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



- The 2010-11 District Budget was based upon the Governor's May revision budget proposals
- The State adopted the latest-ever budget in November 2010
 - This was almost 5 months into the fiscal year
 - An increase of \$330/ADA, \$13.8 million was included for SAUSD
- SAUSD recorded this new, unexpected revenue, in the budget as revenue
 - The funds were placed into a designated reserve and not spend during the 2010-11 school year allowing them to be used **one-time** for 2011-12 budget reduction solutions

District Revenue – We don't have total flexibility in how we spend our dollars.





- Currently offered at 3 sites
 - Students have Math and ELA every day
 - Elective, Science, Social Science and PE every other day
- Ensures more instructional time in ELA and Math while keeping electives in the program
- Savings of approximately \$1 million is created by moving Elementary Music teachers to Intermediate level within staffing ratios
- Teachers teach 7 sections
 - Extended preparation period every other day
 - 3 classes on day; 4 the next



* Require negotiations or layoffs



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Budget Reduction Considerations

Budget Reduction Consideration	Savings estimate (\$ in millions)
* Elimination of School Police and DSOs (SRO = \$2.9; DSO = \$2.7)	\$5.6
* Elimination of Secondary Athletics	\$4.3
*Elimination of Elementary Music Program	\$2.0
*Elimination of Certificated Stipends	\$5.0
*Elimination of Unrestricted funding of Counselors at High School	\$2.5
*Elimination of Library Media Techs (Tier III)	\$1.7
* Elimination of Elementary APs	\$1.5
*Reduction of Custodial Staffing	\$0.5
*Reduction of Work Schedule of Classified Staff at District Office and Fairview Site	\$0.3
*1 Furlough Day for SAEA and CSEA (All available Non-Instructional and 5 Instructional Days)	\$1.3
*1% reduction in Salary for SAEA and CSEA	\$2.6
*Freeze of Step & Comm'n	\$3.9
*Reduction of Activity Supervisor Budget (Teachers do supervision duty assignments)	\$1.0
*Replace Nurses with LVNs	\$0.5
Elimination of Unrestricted Funding for High School Summer School	\$1.0
Intermediate 8 pd Day Moving Elementary Music Staff to Secondary Sites	\$1.0
Change Start time at Sierra and Carr (transportation)	\$0.5
Repurpose small school sites	?
Parcel Tax	?

For discussion purposes
only this is not a
recommended cut list



- QEIA (LAO suggested reduction) - \$11 million restricted funds
 - 106 Certificated positions
- CSR (LAO suggested reduction) - \$11 million general funds
- EIA* (LAO suggested reduction of 20%) - \$3 million restricted funds (total allocation to district is \$15 million)
- Title I* (H.R. 1 cuts of \$5 billion) - \$3 - \$16 million in restricted funds
- SIG (H.R. 1 legislation)
 - 25 Certificated and Administrative positions at transformational schools

* EIA and Title I funded positions

- 60+ Certificated CSR teachers Elementary
- 30 Intermediate and High School Counselors
- 54 Certificated Teachers on Special Assignment TOSA
- 15 Learning Directors

Approximately 300 certificated positions from all categories