



**Santa Ana**  
Unified School District

# **2010-11 Budget Update**

***October 12, 2010***

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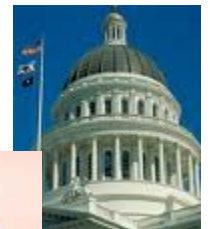
Tony Wold, Ed.D., Director, Program Quality Analysis



- Budget Update
  - State Budget
  - Board Priorities
  - Salary & Benefit Settlements - Other OC Districts
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- **State Budget Finally Approved Last Week**
  - State Budget over 3 months past due
  - Information still very preliminary but calls for:
    - No new taxes
    - \$7.5 billion in state spending cuts
    - One-year suspension of Prop 98
    - State receipt of \$5 billion in federal funding (up from \$3.4 billion)
    - State revenue increase of \$1.4 billion from original projections
    - 2-year delay in corporate tax breaks
    - Inclusion of a ballot measure to establish a “rainy day” fund
    - Sale of 11 state buildings (netting \$1 billion)
    - Internal borrowing from other state funds
    - Pension reform





- **The State Budget & Impact to School Districts**
  - As previously noted, proposes one-year suspension of Prop 98
  - Eliminates negative 0.39% COLA
  - Eliminates on-going revenue limit reduction of -3.85%
  - For unified districts on average, elimination of the above translates to \$275/ADA or for SAUSD \$14.3 million
  - Adds \$300 million for mandate reimbursement claims
- **Federal Jobs Bill**
  - Award amount for SAUSD: \$10.3 million
  - SAUSD has already received \$9.2 million of this award amount





- While the budgetary news is welcome, there are significant concerns
- As in the past, the state budget appears based on optimistic assumptions (additional federal assistance, sale of state assets, borrowings, etc.)
- Experts speculate that this is a “get out of town budget”
- The real budget will be developed by the new Governor, when he/she takes office and at that time, there may be significant cuts to Education





Mac Taylor, Legislative Analyst's Office,



*"... federal relief will be billions of dollars less than the Governor wants-necessitating that (the Legislature) make more very difficult decisions...."*

Associated Press Article, 10/7/10

*"While lawmakers hailed the budget's passage, they acknowledged they may soon have to deal with the fallout from relying on optimistic economic forecasts and accounting maneuvers."*

- There is a strong possibility of mid-year budget cuts
- Given the above, we need to "Hope for the best, plan for the worst"
- Planning for the worst means \$31.5 million in budget cuts for 2011-12



## What Happens if Budget Cuts aren't Made?

(\$s in millions)	2010-11	2010-11	2011-12	2012-13
Budget Cuts <u>not</u> yet Identified &/or Approved	---	---	<\$31.5>	<\$30.5>
Reserves <b>with</b> above cuts	7.6%	7.4%	3.7%	2.8%
Reserves <b>without</b> above cuts	7.6%	7.4%	<3.0%>	<16.5%>





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# Board Priorities







Priority	Approximate \$ Impact
Ensure Fiscal Solvency	Needed cuts: \$62 million (2011-12 & 2012-13 combined)
Grade K-3 Class Size Reduction (CSR) <ul style="list-style-type: none"><li>• Continue to offer Grades 1 &amp; 2 CSR through 2010-11 using categorical funds</li><li>• Grade 1 (23:1) &amp; Grade 2 (24:1)</li></ul>	\$6 million encroachment (without use of categorical funds)
Preserve counselor & library services	Cost: \$9 million (Counselors = \$7 million; Library Services = \$2 million)
Maintain athletics & elementary music program	Cost: \$6 million (Athletics = \$4 million; Elementary Music = \$2 million)
Safety	Cost: \$6 million (Police & DSOs)
Continue to provide elementary sites with support staff to ensure academic achievement	Cost: \$2 million
Minimize the impact of cuts to our students & employees	



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# Salary & Benefit Settlements - Other OC Districts (The 8 Largest Unified Districts)





District	2009-10	2010-11	2011-12
Santa Ana	<u>Certificated / Classified:</u> a) 0.0% <u>Management Only:</u> a) Up to 10 furlough days <u>Instructional Days:</u> a) Reduced 0 days	<u>Certificated / Classified:</u> a) Negotiating <u>Management Only:</u> a) Up to 10 furlough days <u>Instructional Days:</u> a) Negotiating	<u>Certificated / Classified:</u> a) Negotiating <u>Management Only:</u> a) Negotiating <u>Instructional Days:</u> a) Negotiating
Capistrano	<u>Certificated:</u> a) 4 Furlough Days  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 3 days	<u>Certificated:</u> a) 5 Furlough Days b) 3.7% Salary Rollback c) H&W capped at 2010 rate d) Step/Column Freeze (6 Months)  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 2 days	<u>Certificated:</u> a) 5 Furlough Days b) 3.7% Salary Rollback c) H&W capped at 2010 rate  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 2 days



District	2009-10	2010-11	2011-12
Garden Grove	<u>Certificated / Classified:</u> a) 0.0% <u>Instructional Days:</u> a) Reduced 0 days	<u>Certificated / Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Negotiating	<u>Certificated / Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Negotiating
Saddleback	<u>Certificated:</u> a) 3 Furlough Days  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 3 days	<u>Certificated:</u> a) 9 Furlough Days b) 2.85% Salary Rollback c) Raise H&W contributions d) Increase class size by 0.5  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 5 days	<u>Certificated:</u> a) 9 Furlough Days b) 2.85% Salary Rollback c) Raise H&W contributions d) Increase class size by 2.0  <u>Classified:</u> a) Negotiating <u>Instructional Days:</u> a) Reduced 5 days



District	2009-10	2010-11	2011-12
Orange	<p><b>Certificated:</b> a) 4 Furlough Days</p> <p><b>Classified:</b> a) 4 Furlough Days</p> <p><b>Instructional Days:</b> a) Reduced 0 days</p>	<p><b>Certificated:</b> a) 9 Furlough Days b) Increase class size to 33:1</p> <p><b>Classified:</b> a) Tentative: 9 Furlough Days b) H&amp;W capped at 2010-11 rate</p> <p><b>Instructional Days:</b> a) Reduced 5 days</p>	<p><b>Certificated:</b> a) 9 Furlough Days b) Increase class size to 33:1</p> <p><b>Classified:</b> a) Tentative: 9 Furlough Days b) H&amp;W capped at 2010-11 rate</p> <p><b>Instructional Days:</b> a) Reduced 5 days</p>
Irvine Unified	<p><b>Certificated:</b> a) 4 Furlough Days</p> <p><b>Classified:</b> a) Negotiating</p> <p><b>Instructional Days:</b> a) Reduced 4 days</p>	<p><b>Certificated:</b> a) 8 Furlough Days</p> <p><b>Classified:</b> a) Negotiating</p> <p><b>Instructional Days:</b> a) Reduced 5 days</p>	<p><b>Certificated:</b> a) Negotiating</p> <p><b>Classified:</b> a) Negotiating</p> <p><b>Instructional Days:</b> a) Negotiating</p>



District	2009-10	2010-11	2011-12
Placentia-Yorba Linda	<p><b>Certificated:</b> a) 4 Furlough Days</p> <p><b>Classified:</b> a) 4 Furlough Days</p> <p><b><u>Instructional Days:</u></b> a) Reduced 0 days</p>	<p><b>Certificated:</b> a) 6 Furlough Days</p> <p><b>Classified:</b> a) 6 Furlough Days</p> <p><b><u>Instructional Days:</u></b> a) Reduced 4 days</p>	<p><b>Certificated:</b> a) Negotiating</p> <p><b>Classified:</b> a) Negotiating</p> <p><b><u>Instructional Days:</u></b> a) Negotiating</p>
Tustin	<p><b>Certificated:</b> a) 0.0%</p> <p><b>Classified:</b> a) 0.0%</p> <p><b><u>Instructional Days:</u></b> a) Reduced 0days</p>	<p><b>Certificated:</b> a) 7 Furlough Days</p> <p><b>Classified:</b> a) Negotiating</p> <p><b><u>Instructional Days:</u></b> a) Reduced 5 days</p>	<p><b>Certificated:</b> a) 7 Furlough Days</p> <p><b>Classified:</b> a) Negotiating</p> <p><b><u>Instructional Days:</u></b> a) Reduced 5 days</p>



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively)
Oct. 12 & Oct. 26	Budget Update & (if applicable) 45 Day Budget Revision <i>Note: 2011-12 Budget reduction target will be adjusted (either up or down) dependent on Unaudited Actuals and approved State Budget</i>
Nov. 9	Presentation of Proposed 2011-12 Budget Reductions
Nov. ?	Special Board Meeting on Proposed Budget Reductions
Dec. ?	Special Board Meeting on Proposed Budget Reductions
Dec. 14	Presentation of First interim Report, Approval of 2011-12 Budget Reductions & Reach Decision on CSR for 2011-12 & future years





**The State will pay the District, not on Tuesday but several months later, for money they owe us!**

**They will pay us late even though we have obligations such as payroll, vendor invoices that must be paid on a timely basis.**





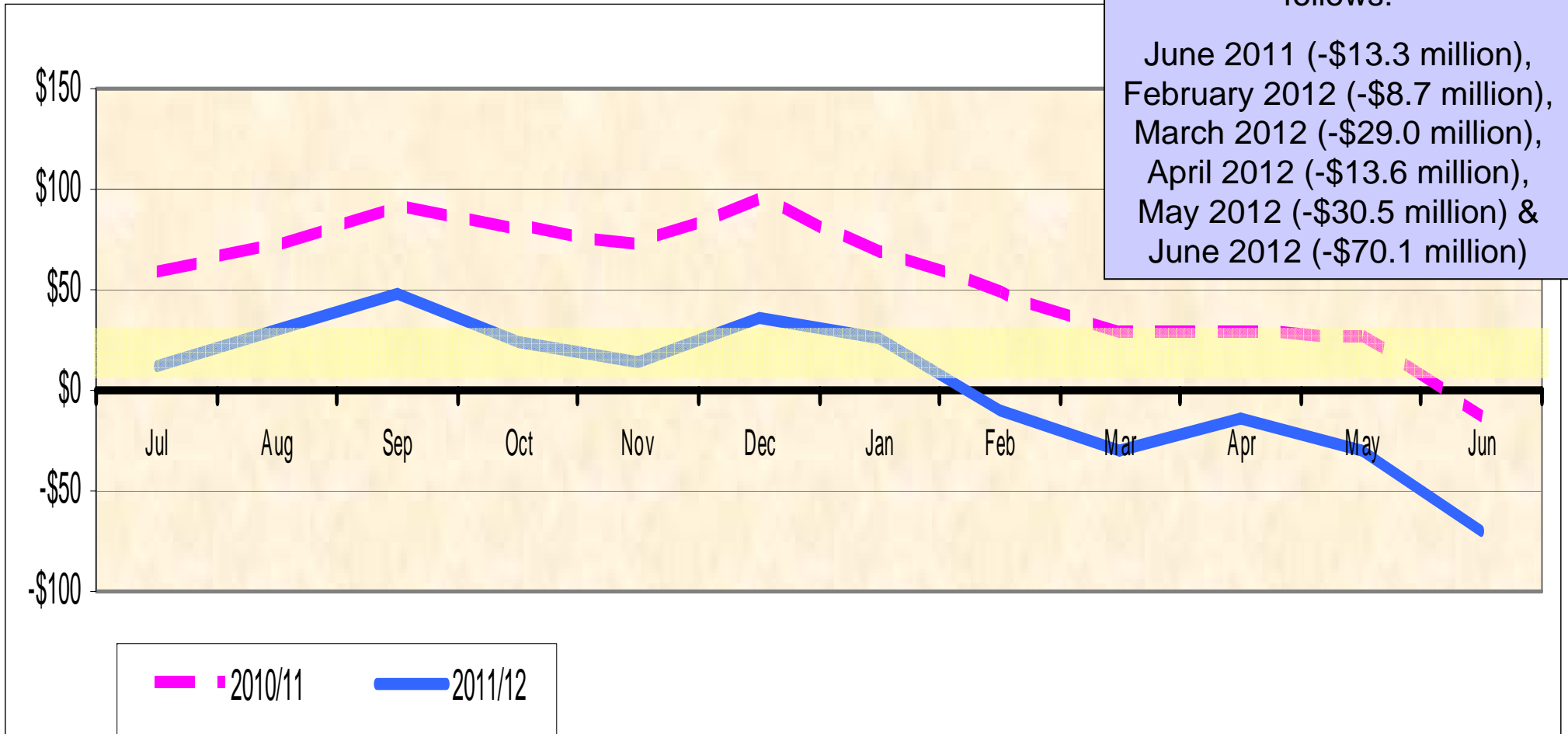
# Santa Ana Unified School District

## Projected SAUSD Cash Flow (as of July 31, 2010)

State deferrals, totaling **\$170 million** for SAUSD, results in projected cash shortfalls in 2010-11 & 2011-12 and a probable need to borrow funds to meet payroll & other district obligations.

Cash shortfalls projected as follows:

- June 2011 (-\$13.3 million),
- February 2012 (-\$8.7 million),
- March 2012 (-\$29.0 million),
- April 2012 (-\$13.6 million),
- May 2012 (-\$30.5 million) &
- June 2012 (-\$70.1 million)





- School Services of California warns,  
*“....the State’s dependency on deferrals would increase under this (State) Budget bill package.”*
- Cash flow is being closely monitored
- Similar to last year, the district intends to issue a TRANs in the January / February 2011 timeframe to ensure our ability to meet monthly payroll and vendor obligations
  - Last Year’s TRANs Sale:
    - District sold \$9 million in TRANs
    - True interest cost (TIC%) rate of 1.21%
    - Winning bidder paid \$46.9K in district issuance cost