



Santa Ana
Unified School District

State and District Budget Special Study Session

March 6, 2009

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- The 2009-10 Budget Act includes both 2008-09 and 2009-10
 - The actions proposed for the current year, 2008-09, are incorporated in the Budget
 - The enacted 2009-10 Budget also meets statutory requirements as a completed Budget for 2009-10

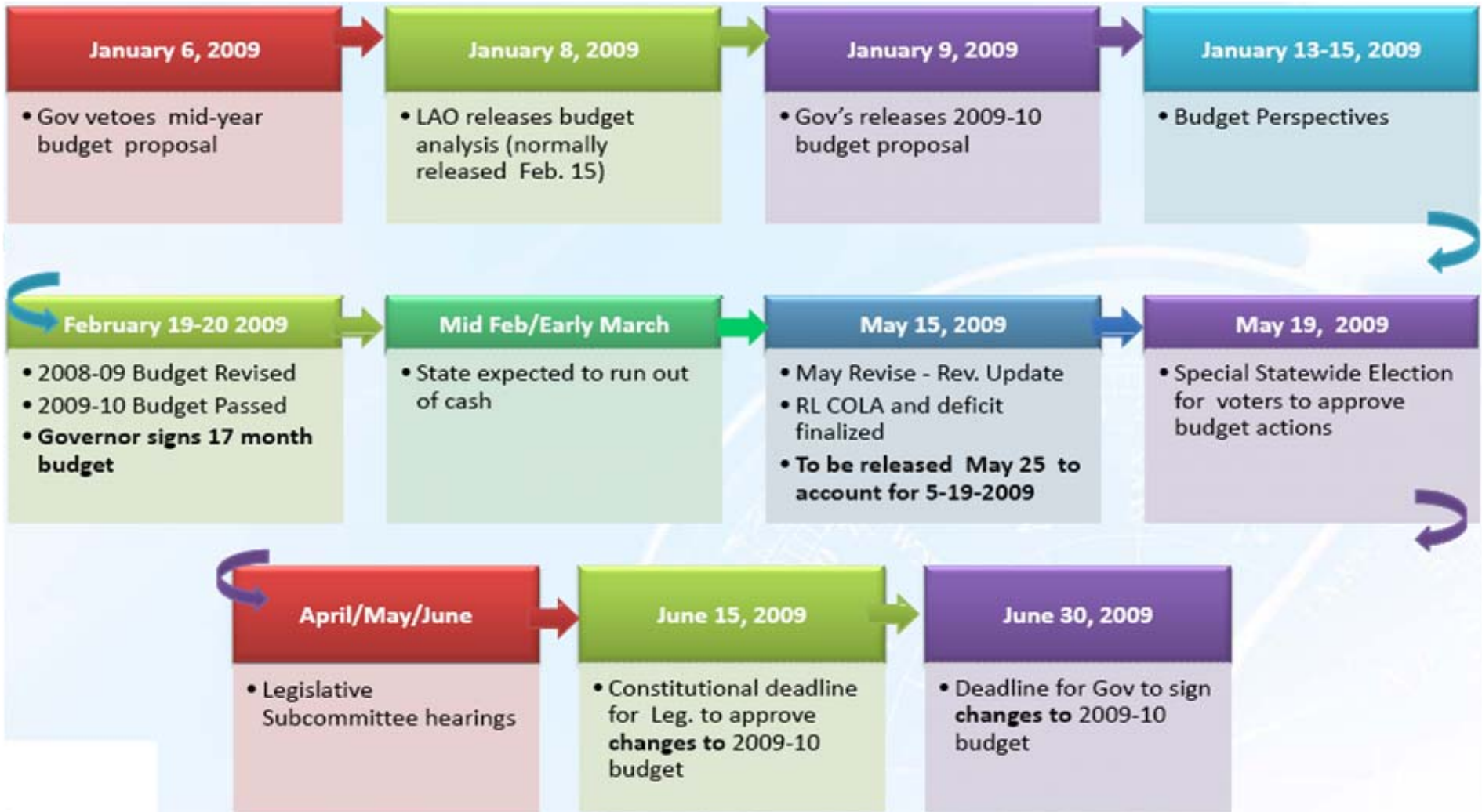


Timeline of Budget Actions



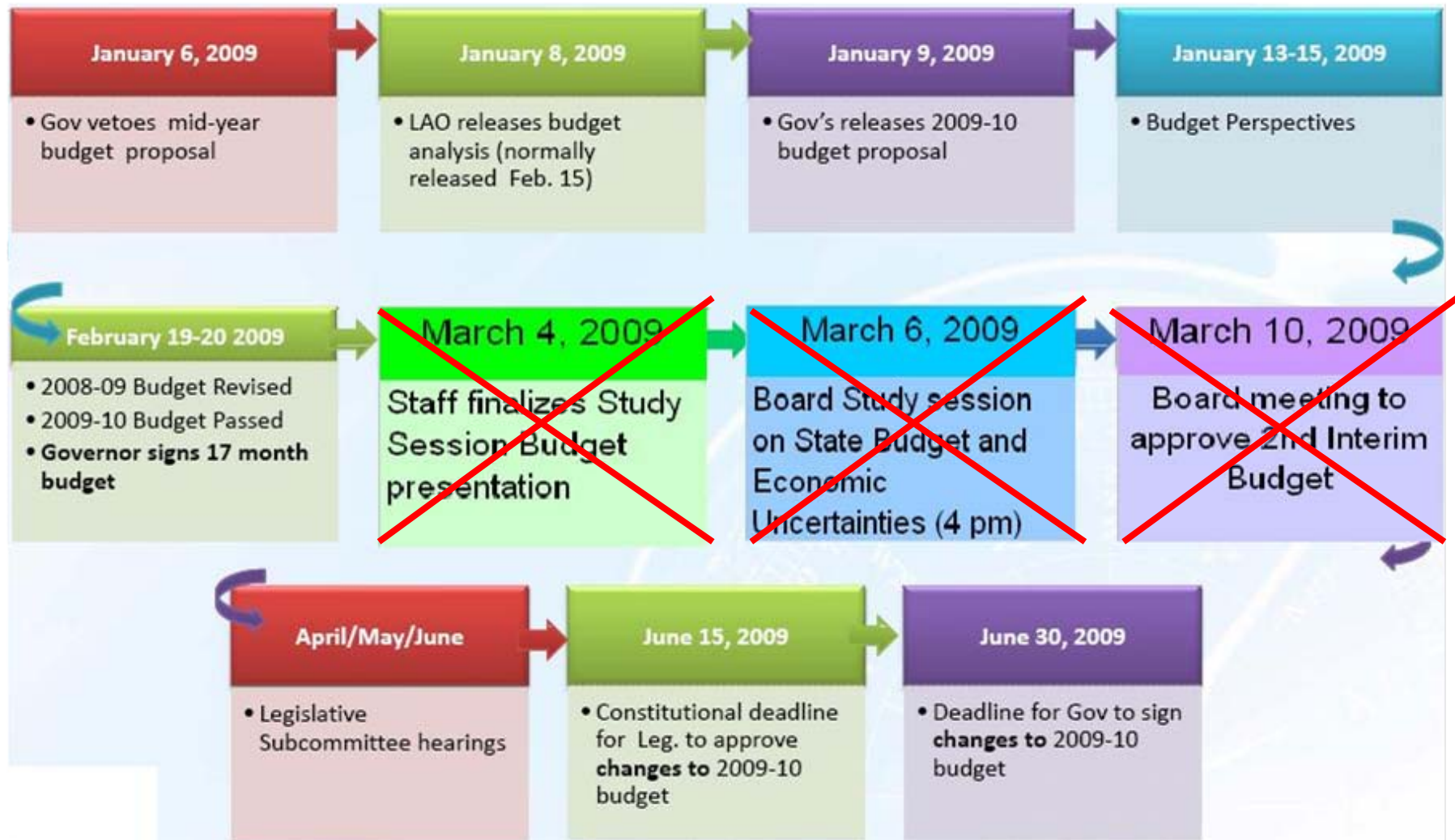


Timeline of Budget Actions



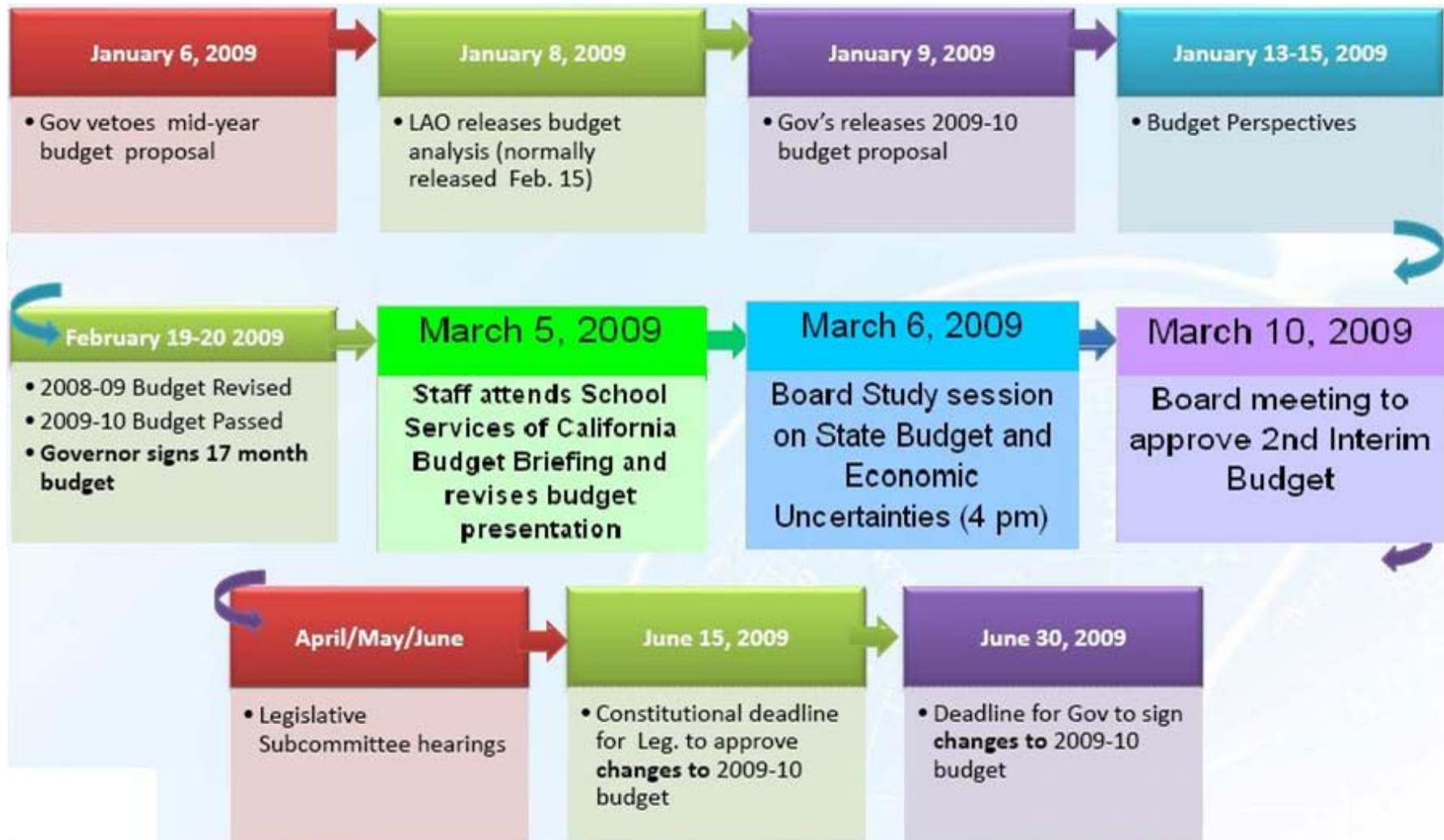


The Last 10 Days





The Last 10 Days - revised





- I. Board of Education Program Priorities
- II. Second Interim Budget Certification
- III. Economic Uncertainties and May Revision
- IV. Listing of Reductions
 1. Programs
 2. Staffing



Santa Ana
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I. Board of Education Priorities



- Continue to offer K-3 Class Size Reduction (CSR)
- Preserve Counselor & Library Services
- Maintain Athletics & Music Programs (**Urban Impact**)
- Safety (**Urban Impact**)
- Minimize the Impact of Cuts to our Students' Instructional Program
- Maintain Fiscal Solvency



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II.
Second
Interim
Budget
Certification



II. Second Interim Budget Certification

- There are 3 Certifications as follows:
 - Positive
 - LEA will be able to meet its financial obligations for the current and two subsequent fiscal years
 - 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

- Based on current State financial information, the district needs to make budget reductions as outlined below :

– 2008 – 09 mid-year reductions	\$21.5 million
– 2009 – 10 budget reductions	\$35.0 million
– 2010 – 11 budget reductions	\$13.5 million



What Assumptions & Actions are Required?

- Suspend Deferred Maintenance transfer
- Sweep 2007-08 program balances (2008-09 only)
- Fund CSR using Categorical Funds **(May revise?)**
- Use Tier III flexibility for educational purposes
- Achieve negotiations savings goal
- Consider further reductions of Administrative, Certificated and Classified Staff to balance the budget due to the economic uncertainties



State Reduction of funding to SAUSD of \$21.5 Million in 2008 - 09

Return of 0.68% COLA \$2.0 Million

No Deferred Maintenance Contribution \$2.5 Million

Additional Categorical Funds for CSR \$3.5 Million

Use 2007 – 08 Categorical Carryover Balances \$8.3 Million

Tier II & III Categorical Reductions \$4.1 Million

Shortfall / Reserves \$1.1 Million

The Proactive steps taken by the Board of Education resulted in no mid-year reduction to staff:



- Additional Interventions and Tutorials
- Staff Development – AB 466 & AB 472
- Additional release days for teacher data collaboration
- Curriculum Development
- Parent Education Programs
- Additional supplemental materials
- Conferences / Consultants



II. Categorical Program Flexibility

- Program cuts & flexibility categorized into 3 groupings or tiers
- Tier I (*Programs not subject to cuts and no budget flexibility*)
 - Affected programs include: Special Ed, QEIA, EIA, K-3 CSR, etc.
- Tier II (*Programs subject to cuts and no budget flexibility*)
 - 15.4% in mid-year 2008-09 cuts & 4.5% in add'l 2009-10 cuts
 - Affected programs include: English Language Acquisition Program, Academy programs, etc.
 - The Accountability, Reporting, Mandates and Administrative Burdens Remain even if the program is eliminated/suspended
- Tier III (*Programs subject to cuts and with budget flexibility*)
 - 15.4% in mid-year 2008-09 cuts & 4.5% in add'l 2009-10 cuts
 - Other state categorical programs not listed under Tier I or Tier II
 - Flexibility granted through Fiscal Year 2012-13 & can be used for any other educational purpose.



Programs in which SAUSD received funding 2008 - 09

Tier I – No Reduction, No Flexibility

**After School Education and Safety
Advancement via Individual
Determination (AVID)
Child Development
Child Nutrition
Economic Impact Aid
Federal Resources**

**K-3 Class Size Reduction
Pupil Transportation
Quality Education Investment Act
Special Education
State Lottery, including Proposition 20
Tobacco Use Prevention Education
(TUPE)**

Tier II – Funding Reduction, No Flexibility

**English Language Acquisition
Program (ELAP)**

Partnership Academies



Programs in which SAUSD received funding 2008 - 09

Tier III – Reduction and Flexibility

Administrator Training Program (AB 430)

Adult Education

Advanced Placement Grant

Arts and Music Block Grant

CAHSEE Intervention Grants

CalSAFE

Certificated Staff Mentoring Program

Community Based English Tutoring (CBET)

Community Day Schools

Counselors, Grades 7-12

Deferred Maintenance

Education Technology

Gifted and Talented Education (GATE)

High Priority Schools (HP)

Instructional Materials Fund

Math & Reading Training (SB 472)

Morgan-Hart Class Size Reduction

National Board Certification Incentive

Peer Assistance and Review (PAR)

Physical Education Teacher Recruitment Grants

Professional Development Block Grant

Pupil Retention Block Grant

ROC/P

SAIT and Corrective Actions

School and Library Improvement Block Grant

**State Assessments (STAR, CAHSEE, CELDT,
etc.)**

Supplemental Hourly Programs

**Targeted Instructional Improvement Block
Grant**

Teacher Credentialing Block Grant



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II. Recommended Budget Reductions / Transfers

How Do We Deal With a Funding Loss of \$35.0 Million in 2009 - 10

- Elimination of 0.68% 2008-09 COLA	\$2.0 Million
- Tier II and III State Cuts	\$5.4 Million
- No Deferred Maintenance Contribution	\$2.5 Million
- Additional Categorical Funds for CSR	\$12.2 Million
- Tier III Flexibility	\$1.3 Million
- District Office Reorganization	\$0.3 Million
TOTAL REDUCTIONS	\$23.7 Million
<hr/>	
- Shortfall / Reserves*	\$11.3 Million

* Does not include anticipated negotiations savings



<u>(\$s in 000's)</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Revenues*	\$489,194	\$480,538	\$484,283
Expenditures*	\$509,559	\$487,170	\$481,966
Net Increase – Decrease	(\$20,365)	(\$6,634)^	(\$2,317)^
Unrestricted	\$4,978	(\$6,038)	(\$1,950)
Restricted	(\$25,343)***	(\$596)	\$367
Required Reserve	2.0% **	2.0% **	2.0% **
Reserve for Economic Uncertainties	4.4%	3.4%	3.9%

^ Does not include anticipated negotiations savings

* Includes Other Sources & Uses.

** COLA Salary increases for these years have not yet been negotiated and are thus not included. However, all revenues associated with COLAs for these years are included and the cost of step, column & longevity are budgeted.

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



III.
Economic
Uncertainties
and May
Revision



American Recovery and Reinvestment Act

- The Orange County Department of Education will not allow districts to include these funds in the 2nd Interim Report
- Concern is these funds will be used for State Budget purposes
 - “It will help support cash flow at the state level rather than coming to the school districts. If you were expecting the federal stimulus money would come down to all the school districts, that's not likely the case.”
 - Joel Montero, CEO of Fiscal Crisis & Management Assistance Team (FCMAT)
- Details of the Governor’s plan for how funds will be distributed and the application are not yet available
 - Will the funds be passed along as a supplement for new reform, or to supplant funding for current obligation to LEAs?
 - The state will have three years to give out funding



The State budget was passed less than 10 days ago and we continue to receive conflicting information on how the budget affects SAUSD



- Specific details and legislative trailer bills to “clean-up” budget language still being worked on by the Legislature and State Agencies
 - Information received Thursday, March 5, 2009 confirmed that the state is looking at **double-digit billion dollar deficit for the May revision**
 - Meanwhile, staffing reductions needs to be identified by March 15th



- The Budget continues to rely on one-time revenues from borrowing to maintain ongoing programs
 - This borrowing totals \$11.4 billion
- • \$5.9 billion from a Revenue Anticipation Warrant (RAW) to be repaid in 2010-11 – or through use of federal stimulus dollars
 - The Legislative Analyst's Office (LAO) warns that this may violate Proposition 58, which prohibits borrowing for budgetary purposes
 - Sufficient federal stimulus funds would cancel the RAW
- • \$5 billion to securitize the growth in Lottery revenues
 - Voter approval of Proposition 1C is required and the credit markets must accept this
- \$433 million from special fund loans and transfers that must be repaid



- Much of the State Budget is contingent upon success of ballot measures
 - If Proposition 1A, relating to the Budget Stabilization Fund, fails:
 - • K-14 schools will not automatically get the additional \$9.3 billion in maintenance factor amounts
 - Will pursue those monies through alternative means
 - Temporary tax increases included in ABX3 3 will expire one or two years earlier than if voters approve Proposition 1A
 - – The Budget relies on issuance of Lottery securitization bonds to generate \$5 billion – creates a shortfall if Proposition 1C fails
 - But credit markets may not be interested
 - Recent poll indicates that 61% of likely voters oppose the idea of borrowing against future State Lottery income
 - Voters may not want to divert monies from initiatives they previously passed
- • If Propositions fail, the May Revision could include more cuts



III. May Revision

- Voter approval required on initiatives related to Lottery securitization, Budget Stabilization fund, Proposition 98 Maintenance Factor, etc.
 - Without approval, the State Budget will unravel & further budget cuts will be required
- May Revision (deadline moved to June 8, 2009), very likely will lead to additional budget reductions for this year and next
 - Meanwhile Certificated layoff notices need to be approved at the next Board meeting and then finalized by May 15th



IV.
**Listing of
Program and
Staffing
Reductions**



Budget Reductions Category	Dollar Amount (in millions)	% of Total
Funding Change (using Categorical or Other Fund \$s)	\$19.1	32.1%
Centralized & District Office Reductions	\$15.7	26.5%
Special Education	\$9.9	16.7%
School Site	\$8.9	14.9%
Miscellaneous	\$5.8	9.8%



Santa Ana **IV.**

Unified School District

Current Year Centralized & District Office Reductions

Budget Reduction Made in (2008-09 to date)	Dollar Amount (in 000s)
Management Furlough Days (including Cabinet & Superintendent)	\$495
Eliminate 2 of 32 District Office Administrators	\$269
Eliminate 4 Custodial Supervisor Positions & Replace with 2 Custodial Manager Positions	\$164
Administrative Reductions - Subtotal	\$828
Consultants Use	\$1,000
Reduce Business Services Legal Services Costs	\$100
Reduce ITC Expenditures	\$188
Reduce Departmental Budgets by 5%	\$90
Central Office Reductions - Subtotal	\$1378
Total Central Office and Administrative Reductions	\$2206



Centralized Staffing Budget Reduction Made in (2008-09 to date)	Dollar Amount (in 000s)
Eliminate Vacant Positions	\$1,578
Eliminate 9 Nurse Positions	\$1,007
Reduce SAUSD Police Expenditures	\$500
Consolidate Intermediate School Groundskeepers	\$310
Reduce Custodians to 11.5 Months	\$358
Eliminate Civic Center Department Specialist Positions	\$82



Central Services Budget Reduction Made in (2008-09 to date)	Dollar Amount (in 000s)
Association Sub-Pay	\$186
Custodial Substitute Cost/Monitoring	\$338
Increase Number of Substitutes in the Sub-Pool	\$100
Eliminate Unrestricted Funding for Conference Attendance	\$87
Eliminate Portables	\$350
All Other Reductions (less than \$75K each)	\$603
Total Dollar Reductions (Centralized & District Office)	\$7,806
Total FTE Reductions (Centralized & District Office)	32.6



IV.
Listing of
Staffing
Reductions for
2009 - 10



Potential Certificated Staffing Reductions for 2009 – 10 Due to May Revise

Eliminated Program	# Affected Employees (max estimate)
Out of Classroom Certificated (includes 19 Elementary/Intermediate Assistant Principals)	192
Eliminated Programs (9 th Grade CSR)	36
Counselors	30
Elementary Music	14
Class Size Reduction Teachers	232
<Retirements>	<51>
Total Certificated Teacher notices	453
Other Certificated Administrators receiving notice	10
Total Certificated Positions receiving notice by March 15th	463

BOLD positions part of Board Priorities

29 Total certificated administrators to receive notice



Potential Staffing Reductions 2009 - 10

- **Central Office Support Teachers / Administrators**
 - Central Office Administrators
 - Program Specialists
 - Curriculum Specialists

- **Site level Out-of-Classroom Teachers / Administrators**
 - Assistant Principals
 - Coordinator of Student Activities
 - Bilingual Resource Teacher (BRT)
 - Outreach Consultant
 - Categorical Program Specialist
 - Literacy Coach
 - Academic Resource Teacher (ATM Specialist)
 - Safety Net Teacher
 - Site Resource Teachers



As of March 4, 2009 – 5 pm

Potential Classified Staffing Reductions

Eliminated Program	# Affected Employees (max estimate)
Instructional Assistants / SSP (Not Special Ed)**	75
Library Media Techs	38
Supplementary Office Staff / Computer Techs / Inst Asst Computer	42
Community Workers	7
Other Classified positions	29
TOTAL	191

Does not reflect Classified Management reductions within the General Fund

**Vacancies currently exist for Instructional Assistants within Special Education,
BOLD positions part of Board Priorities

3/6/09
up to
259