



Santa Ana
Unified School District



State and District Budget Update

January 26, 2009

Jane A. Russo, Superintendent

**Ron Murrey, Associate Superintendent
Business Services**

Kelvin Tsunezumi, Executive Director



January 2009 Update

- **Governor / Legislature still deadlocked.**
- **No end in sight.**
- **State budget deficit growing.**
- **Current deficit at \$40 billion**
(Over a 2 year period: 2008-09 & 2009-10)
- **January 10th: “In a matter of weeks, California, the world's eighth largest economy, will run out of cash.....”** Mike Genest, Calif. Dept. of Finance Director



January 2009 Update (Cont'd)

The Governor releases his budget proposal for 2008-09 & 2009-10.

Mid-Year Cuts for 2008-09

- ✂ Eliminate Cost of Living (COLA) payment for 2008-09**
- ✂ Further reduction in Revenue Limit of 4.5%**
- ✂ Defers payment of Revenue Limit and K-3 CSR from April to July (\$2.3 billion)**



January 2009 Budget Update (Cont'd)

2009-10 Budget

- ✂ Zero Cost of Living Allowance (COLA) Payment**
- ✂ Reduce K-12 revenue by \$1.1 billion and allow districts to reduce the school year by 5 days.**
- ✂ Suspends all other mandated activities, except for inter/intra district transfers and CAHSEE.**



January 2009 Budget Update (Cont'd)

2009-10 Flexibility Proposals

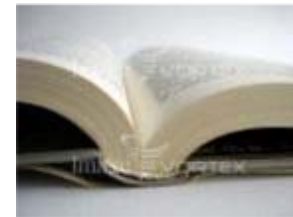
- ✓ **Use selected restricted categorical funds for any purpose**
- ✓ **Reduce Routine Maintenance account to 1%**
- ✓ **Eliminate Deferred Maintenance match**
- ✓ **Reduce General Fund reserve to half of what is required (i.e. SAUSD reserves reduced to 1%).**



(\$s in millions)	2008-09	2009-10
Elimination of .68% COLA	\$2.0	\$2.0
Further Revenue Limit Reduction (2008-09)	\$14.4	\$14.4
Further Revenue Limit Reduction (2009-10)	---	\$9.9
Elimination of State Unappropriated Funds	\$.5	---
2008-09 Unrestricted Budgeted Deficit	\$4.5	\$4.5
2009-10 Addt'l Expense (Step & Column, etc.)	---	\$5.3
Lowered Lottery Revenue Projection (Unrestricted)	\$.5	\$.5
Addt'l Funding – Special Ed Behavioral Intervention Lawsuit Settlement	---	<\$.7>
Total Estimated Cut	\$21.9	\$35.9



- In the past, the District strived to keep cuts as far away from the classroom as possible.
- With the latest round of cuts, this may no longer be possible. **Cuts will impact our students!**





Budget Actions taken given State's Budget Unknowns

At the beginning of the year all budgets were reduced.

In addition:

- School program carryover funds from last year were frozen.
- Additional school budgets from State programs were frozen.
- Freeze on all expenditures & personnel requisitions.
(Exceptions granted only with Cabinet authorization.)
- Working with OCDE & OC Treasurer's Office on a contingency plan for cash borrowings.
- Developing "one district's view" of the cuts Education should make.



Steps taken to Communicate Budget Crisis Information

- I. Review the legislative and governor's budget proposals to better project how the State budget Crisis may effect SAUSD.
 - * Administrative team reviews of budget impacts
 - * Regular Board meeting Budget Updates
 - * Special session Board meetings

- II. Help the community, staff and local legislators understand the impact of the State's budget crisis is projected to have on our students and staff.
 - * Budget Review Committee and Community partners
 - * Meetings with local Legislators
 - * District web site providing crisis budget information



The State's continued lack of adequate funding of our schools is causing disastrous educational program quality reductions and eliminations of classroom support.

Here is what we need to let our Legislators and the Governor know:

- **Suspend and/or eliminate mandates**
 - Revise Education code to allow districts flexibility in fund utilization
- **Provide categorical flexibility**
 - Eliminate State programs that “mirror” Federal Programs & provide these dollars as unrestricted.
- **Eliminate and/or suspend block grant programs including:**
 - Professional Development Block Grant
 - Instructional Materials Adoption and Purchases (Suspend for 2 – years)
 - Eliminate small grants such as “Fruits and Vegetables”
- **Allow local decision making for replacement of these programs.**