

# Santa Ana Unified School District 2006-07 Budget



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# 2006-07 State & District Budgets

**School Services of California: *“There is no argument - this is a great budget for education.”***

**However:**

- A large portion of the dollars we are to receive are restricted, and its use designated by the State for specific uses
- SAUSD continues to lose enrollment which results in necessary budget cuts for the following fiscal year!





# 2006-07 SAUSD Budget

- ❖ *The District's Budget includes:*
  - *Unrestricted Dollars from:*
    - ✓ *COLA*
    - ✓ *Equalization*
    - ✓ *Elimination of Deficit Reduction*
  - *Only some of the new categorical programs are budgeted as the State has not yet disseminated specifics on funding & application methodology.*

# 2006-07 SAUSD Budget

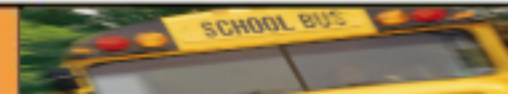
- ▶ Tonight's Budget is presented utilizing the Multi-Year Projection (MYP) for the years 2006-07 thru 2008-09.
- ▶ Assumptions utilized are based on the most current information available and will undoubtedly change.





## Important Reminders - FY 2006-07

- ❖ For the District to maintain its positive certification, AB1200 requires a 2% Reserve for the current year, and in each of the two out years.
- ❖ The 2006-07 Budget includes restoration of salaries for certificated, classified & management employees effective July 1, 2006.





# 2006-07 District Budget at a Glance

## ❖ General Fund (Unrestricted & Restricted)

### ▶ Total Revenue: \$481 million

Unrestricted \$329 million/Restricted \$152 million

### ▶ Total Expenditures: <\$486 million>

### ▶ Excess/Shortfall: <\$5 million>\*

+\$3 million Revenues in excess of Expenditures and <\$8 million> in Interfund Transfers

### ▶ Economic Uncertainties Reserve Balance: \$33 million / 6.7%

## ❖ Total Student Enrollment: 54,589\*\*

\* Deficit Spending after Interfund Transfers (Debt Service & Deferred Maint. Funds)

\*\* Does not include Charter Schools.





# We Continue To Lose Students

- ▶ The Legislative Analyst's Office estimates that **42% of school districts** are experiencing declining enrollment
- ▶ Reason:
  - ❖ Slowdown in birth rates
  - ❖ It takes four minimum wage earners' income to rent a two bedroom apartment in Santa Ana
  - ❖ High home prices in urban and suburban regions (i.e. affordability)
  - ❖ Families are moving to more affordable areas

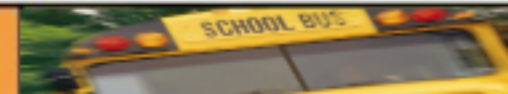




# CBEDS / Enrollment Change

Fiscal Year	CBEDS Change
2000-01	+1,794
2001-02	+951
2002-03	+185
2003-04	(1,138)
2004-05	(1,003)
2005-06	(2,293)*
2006-07 Budget	(1,950)

\*Includes one-time loss of 343 SAUSD resident students to OCEEA Charter School.

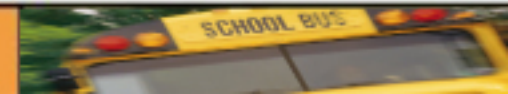




# Key Assumptions

## Enrollment Actual & Projected

	Actual 2005-06	Projected 2006-07	Projected 2007-08	Projected 2008-09
Beginning District Enrollment	58,832	56,539	54,589	53,589
Less Loss in Enrollment	(2,293)	(1,950)	(1,000)	(1,000)
Ending District Enrollment	56,539	54,589	53,589	52,589
Plus Charter Schools	2,736	2,327	2,327	2,327
Total CBEDS Enrollment	59,275	56,916	55,916	54,916





# Key Assumptions

## Average Daily Attendance (ADA)

	2005-06	2006-07	2007-08	2008-09
Enrollment	56,539	54,589	53,589	52,589
ADA Factor *	95.75%	94.98%	94.98%	94.98%
P2 ADA	54,136	51,849	50,899	49,949

\* 2005-06 ADA Factor of 95.75% does not appear sustainable. Utilized 94.98% factor which is consistent with past SAUSD trends.





# Key Assumptions

## Cost of Living Adjustment (COLA\*)

	2006-07	2007-08	2008-09
COLA	5.92%	4.70%	2.80% (was 2.70%)

**\* Per School Services of California Dartboard**

Note: Throughout this Presentation, Items Depicted in **Pink** reflect change from the Budget Adopted on June 27, 2006.





# Revenue Assumptions Used in Budget

- ❖ Revenue Limit ADA = 54,369\*
- ❖ Revenue Limit COLA = 5.92%
- ❖ Base Revenue Limit = \$5,523.14 per ADA  
(Due to additional equalization dollars; was \$5,512.39)
- ❖ Revenue Limit = \$300 million (Unrestricted)

**\* Due to declining enrollment, figure is based on higher, 2005-06 ADA rather than 2006-07 projected ADA. Figure also includes County student ADA which are not reflected in District ADA statistics.**



# Important Reminder

- ▶ Revenues reflect adjustments for COLA, Equalization, and No Deficit Reduction. However, 2006-07 negotiations are still pending and as a result, salary & benefit expenditures currently reflect only previously negotiated salary increases.





# Revenue Assumptions

## ▶ 2006-07

- ❖ COLA (5.92%)    +\$17 million
- ❖ Equalization (\$75.27 per ADA; was \$64.52)    +\$4 million
- ❖ Elimination of Deficit Reduction    +\$3 million
- ❖ ADA loss of (1,852)\*    <\$10 million>
- ❖ Federal Revenue Projected to be Flat

\* Each year the projected loss for the following year will be updated to the actual of the current year.



# Revenue Assumptions

## ▶ 2006-07 (Cont'd)

- ❖ As previously noted only some of the new categorical programs are reflected in our Budget. These programs are:
  - ✓ Additional EIA Revenues = \$5.4 million \*
  - ✓ Arts & Music Block Grant = \$ .7 million \*
  - ✓ Supplemental School Counseling = \$1.3 million \*
  - ✓ Discretionary Block Grant / Site = \$2.4 million \*
  - ✓ Discretionary Block Grant / District = \$ .8 million \*
  - ✓ Instructional & Library Material, and Educational Technology = \$ .7 million \*
- ❖ All other new categorical programs are not currently budgeted. They will be budgeted as soon as the State provides detailed information on funding and application methodology.

\* Budgeted at 80% of District estimates pending State specifics on funding levels. 15





# Revenue Assumptions Changes (from First Interim)

## ▶ 2007-08

- ❖ COLA (4.72%) +\$13 million
- ❖ ADA Loss of (950)\* <\$6 million>
- ❖ Note: CTA lawsuit settlement not currently included in 2007-08 or out years.

## ▶ 2008-09

- ❖ COLA (2.80%) +\$7 million
- ❖ ADA loss of (950)\* <\$6 million>

\* Each year the projected loss for the following year will be updated to the actual of the current year

# General Fund Revenue Distribution (Combined Restricted/Unrestricted)

	2005-06 Unaudited Actual (000's)	2006-07 Budget (000's)	Difference (000's)
Revenue Limit	\$297,463	\$312,594	\$15,131
Federal Revenue	\$62,469	\$55,259	<\$7,210>
Other State Revenue	\$113,814	\$106,207	<\$7,607>
Other Local Revenue	\$9,339	\$7,439	<\$1,900>
Total	\$483,085	\$481,499	<\$1,586>



# District Budget Reductions

- ❖ 2004-05 cut, \$29 million
- ❖ 2005-06 cut, \$14 million
- ❖ 2006-07 cut, \$15 million
- ❖ 2007-08 projected cuts, \$17 million.



# Expenditure Assumptions (Used in Budget)

## ▶ 2006-07

### ❖ Salary Related:

- ▶ **Salary Restoration**    **+\$20 million** (Unrestricted)  
(11.19% certificated & 7.82% classified)
- ▶ **Step & Column Increase = +2.0%**    **+\$4 million**
- ▶ **Godinez/Heroes (Advance Staffing)**    **+\$0.5 million**
- ▶ **FTE Reductions (-136.5 FTEs)**    **<\$8 million>**
- ▶ **Vacancy Credits**    **<\$1 million>**
- ▶ **Class Size Reduction continues at:**
  - ❖ **Kindergarten: Option 2 / Grades 1-3: Option 1**
- ▶ **Salary Increase Pending Negotiations - Not Included**





# Expenditure Assumptions (Cont'd)

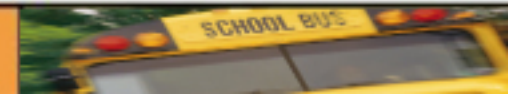
▶ 2006-07 (cont'd)

❖ Benefit Related:

▶ Health Benefit +11%    +\$3 million

▶ Does not include Amortization of Accrued Retiree Benefits (GASB-45)

❖ Coverage Cost of Current Retirees: \$6 million





# Expenditure Assumptions (Cont'd)

## ▶ 2006-07 (cont'd)

### ❖ Non-Salary

- ▶ Increase in Special Ed Encroachment **+\$2 million**
- ▶ Various **+\$1 million**  
(Including Portable Removal, E-Rate Match & Energy Cost Increases)
- ▶ Farmer's Site Repayment **+\$0.6 million**
- ▶ Transportation Cost Increase (+8.21%) **+\$0.5 million**
- ▶ Godinez / Heroes (Advance Operational Costs) **+\$0.4 million**
- ▶ BRC Reductions **<\$7.8 Million>**





# Expenditure Assumptions [Cont'd]

## ▶ 2007-08

- ❖ **New Schools** (Godinez / Heroes / Lorin Griset) **+\$6 million**  
One-time & Recurring Costs
- ❖ **Otsuka Education Center** **+\$0.5 million**
- ❖ **CPI Assumption Change** (per School Services) **+\$0.2 million**
- ❖ **Unspecified Budget Reductions** **<\$11.25 million>**
- ❖ **Decrease Staffing for Proj. Enrollment Loss** **<\$3 million>**
- ❖ **Vacancy Credit** **<\$0.8 million>**
- ❖ **Not included in 2007-08 and/or future out years:**
  - ▶ Non-negotiated Salary Increases
  - ▶ GASB-45 Amortization of Accrued Retiree Benefits





# Expenditure Assumptions [Cont'd]

## ▶ 2008-09

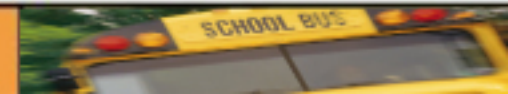
- ❖ **New Schools (Godinez / Heroes)** +\$7 million  
2<sup>nd</sup> Year One-time & Recurring Costs
- ❖ **Unspecified Budget Reductions** <\$9.25 million>
- ❖ **Decrease Staffing for Proj. Enrollment Loss** <\$3 million>
- ❖ **Vacancy Credit** <\$.8 million>



# BRC Reductions = <\$7.8 Million>

**BRC Committee  
40 Members**

Savings	Reductions
1. \$3,900,000	Defer Godinez High School Opening
2. \$1,000,000	Common Traditional Calendar
3. \$ 850,000	School Site Allocation Reduction
4. \$ 356,000	Instructional Materials reallocation of Funds
5. \$ 460,000	Adjust Teen Parent Program Teacher Allocation
6. \$ 200,000	BCLAD Stipend
7. \$ 200,000	Remove Portable Classrooms
8. \$ 120,000	Reassign Duties of Word Processing Department
9. \$ 113,000	Offer In-House Occupational & Physical Therapy Services
12. \$ 100,000	Teacher Substitute Pay
13. \$ 95,000	5% Department Budget Reductions
14. \$ 80,000	Eliminate Unrestricted Funding of the Academic Pentathlon Program
15. \$ 70,000	Eliminate Unrestricted Funding of ELD/Bilingual Department Positions
16. \$ 80,000	Relocate Community Day School
17. \$ 225,000	Fill Only Critical District Positions





# General Fund Expenditure Distribution (Combined Restricted/Unrestricted)

2005/06	2005-06 Projected Actuals (000's)	2006-07 Budget (000's)	Difference (000's)
Certificated Salaries (Incl. Mgmt.)	\$215,627	\$230,562	\$14,935
Classified Salaries (Incl. Mgmt.)	\$65,128	\$68,496	\$3,368
Employee Benefits	\$92,410	\$97,236	\$4,826
Non-Salary Expenses	\$84,934	\$90,504	\$5,570
Total	\$458,099	\$486,798	\$28,699



# What Does the MYP Tell Us? Combined Restricted/Unrestricted

	2006-07 Budget (000's)	2007-08 (000's)	2008-09 (000's)
Revenues*	\$481,499	\$485,321	\$491,451
Expenditures*	\$486,798	\$496,436	\$503,166
Net Increase – Decrease	(\$5,299)	(\$11,115)	(\$11,715)

\* Includes Other Sources & Uses.





# Projected Reserve

## Combined Restricted/Unrestricted

**The State mandates a 2% minimum reserve for SAUSD.**

	2006-07	2007-08	2008-09
Reserve Prior to Reduction	6.7%	3.6%	-0.6%
Budget Reduction Amount (excludes reductions due to teachers)	\$7.80 million	\$11.25 million	\$9.25 million
Shortfall after Reduction	(\$5.3 million)	(\$11.1 million)	(\$11.7 million)
Reserve After Budget Reduction	6.7% *	6.0% *	5.7% *

\* 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.



# Projected Ending Balances (All Other Funds)

Fund	Unaudited Actual 2005/06 (000's)	Annual Budget 2006/07 (000's)	Difference (000's)
Fund 11 - Adult Education	\$98	\$117	\$19
Fund 12 – Child Development	\$201	\$201	\$0
Fund 13 – Cafeteria	\$12,858	\$6,864	(\$5,994)
Fund 14 – Deferred Maintenance	\$3,637	\$3,131	(\$506)
Fund 17 – Special Reserve	\$3,115	\$3,305	\$190
Fund 21 – Building	\$18,046	\$0	(\$18,046)
Fund 25 – Capital Facilities	\$3,674	\$2,897	(\$777)
Fund 30 – State Sch Bldg-Lease-Purchase	\$0	\$0	\$0
Fund 35 – School Facilities	\$15,326	\$0	(\$15,326)
Fund 40 – Special Reserve/Capital Outlay	\$7,752	\$0	(\$7,752)
Fund 49 – Capital Projects (COP)	\$13,383	\$0	(\$13,383)
Fund 51 – Bond Interest & Redemption	\$7,678	\$7,757	\$79
Fund 56 – Debt Service	\$6,845	\$6,823	(\$22)
Fund 67 – Workers' Comp/Self-Ins.	\$9,018	\$8,189	(\$829)