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May 25, 2011

To: Assistant Superintendents, Business Services  
Assistant Superintendents, Human Resources  
Assistant Superintendents, Instructional Services  
Directors, Business Services  
Directors, SELPA  
ROC/Ps

From: Wendy Benkert, Ed.D., Assistant Superintendent  
Business Services

Subject: **Orange County Budget Advisory for the 2011-12  
Adopted Budget and Related Multi-Year Projections**

Since May 2008, County Office Chief Business Officials have been working with various statewide educational organizations to craft common messages to advise school districts on assumptions for budget and interim reports. The attached budget advisory provides guidance for development of 2011-12 adopted budgets and related multi-year projections. This guidance is based upon the 2010-11 Enacted Budget and the Governor's 2011-12 May Revision.

If you have any questions or concerns regarding this information, please contact me at (714) 966-4229.

cc: Superintendents  
Dari Barzel, Moody's Investors Services  
Jean Buckley, Tamalpais Advisors, Inc.  
Kevin Hale, Orrick, Herrington & Sutcliffe  
Arto Becker, Hawkins, Delafield & Wood

**Orange County Budget Advisory**  
**2011-12 Adopted Budget and Related Multi-year Projections**  
**Based on the Governor's May Revision**  
**May 25, 2011**

**BACKGROUND**

This document provides guidance for the 2011-12 School District Budget Report and related Multi-Year Projections (MYPs) and reflects the 2011-12 Governor's May Revision. The advice contained in this edition incorporates the changes since the 2010-11 Second Interim guidance issued on February 11, 2011.

The Governor's May Revision, which was released on May 16, 2011, is more optimistic than his January Budget Proposal. Governor Brown has acknowledged that education has been the only major program that has taken disproportionate budget reductions since 2007-08. As a result, his May Revision proposed flat funding for education for 2011-12. There are some significant changes since the January Budget Proposal. State revenues are estimated to increase by \$6.6 billion and there has been a corresponding increase in Proposition 98 to \$52.4 billion. The State's structural deficit has been reduced from \$25.4 billion to approximately \$9.6 billion; accomplished through over \$13.4 billion of expenditure reductions, fund shifts and other measures. Although we are cautiously optimistic, the May Revision is still dependent on the extension of the taxes. Governor Brown has not been able to obtain legislative support to put the tax extensions on the ballot and the latest polls indicate voter approval of these taxes is doubtful.

Due to continuing uncertainty and until there is an enacted State Budget, we would strongly recommend that school districts utilize the following in the development of their 2011-12 budgets and related multi-year projections (MYPs):

- **Budget flat funding for revenues in accordance with the School Services of California Dartboard, as updated based on the May Revision.**
- **Budget expenditures using assumptions based on the 2010-11 Second Interim Report if those are lower than flat funding. The resulting fund balance increase should be reflected as a designated reserve.**
- **If school districts choose to budget expenditures at a flat funding revenue level, it is imperative that the additional funds be set aside in a reserve pending enactment of the State Budget.**
- **Maintain flexibility in the hiring of staff and in negotiations.**
- **In all cases, it is important to keep options open until the State Budget is enacted.**

**THE FOLLOWING SECTIONS PROVIDE MORE DETAILED ADVICE RELATIVE TO CHANGES SINCE THE 2010-11 SECOND INTERIM GUIDANCE:**

**Revenue Limit and Cost of Living Adjustments**

The Governor's May Revision assumes a statutory 2.24% cost of living adjustment (COLA) on revenue limits, with a deficit factor of 19.754%. This deficit factor has been adjusted upwards from the January Governor's Proposal; has been recalculated and therefore, eliminates the proposed \$19 average per average daily attendance (ADA) revenue limit reduction.

The 2010-11 Enacted State Budget and the 2011-12 Governor's May Revision specifies the deficit factor for revenue limits for 2010-11 and 2011-12 as defined in the following table:

	<b>2010-11 Enacted State Budget</b>	<b>2011-12 Governor's May Revision</b>
Statutory Cost of Living Adjustment (COLA)	(0.39%)	2.24%
K-12 Deficit	17.963% (.82037)	19.754% (.80246)
County Office Deficit	18.250% (.8175)	20.041% (.79959)

The (0.39%) actual COLA for 2010-11 and the 2.24% Estimated COLA for 2011-12 translate into the following statewide average base revenue limit amount per ADA:

<b>School District Type</b>	<b>2010-11 Statutory COLA (0.39%) - Actual</b>	<b>2011-12 Estimated Statutory COLA 2.24%</b>
Elementary	(\$24)	\$137
High School	(\$29)	\$164
Unified	(\$25)	\$143

We recommend that school districts use the School Services of California (SSC) Dartboard, which was updated based on the 2011-12 Governor's May Revision in the development of the 2011-12 Budget Report and the related MYPs for 2012-13 and 2013-14. There is still concern about the COLAs for 2012-13 and beyond. However, the SSC Dartboard is the best data at this time. School districts may want to designate a reserve for any COLAs reflected in the MYPs pending more data for potential funding.

**Special Education**

Special Education AB 602 funding has a 0% COLA for 2010-11 and 2011-12. The estimated statutory COLA for 2012-13 is 3.20% and for 2013-14 is 2.70%. However, we caution school districts to consider excluding these COLAs from the MYP or placing the additional revenues in a designated reserve. For 2010-11 and 2011-12, growth is funded at approximately \$465.44/ADA.

The Governor's May Revision does not include Special Disabilities Adjustment (SDA) funding beyond the 2010-11 fiscal year. Note that AB 719 does propose to continue this funding; however, this bill is still in its house of origin. Therefore, it is recommended that school districts not budget for the SDA funding beyond 2010. School districts should discuss this with their SELPA and develop strategies for this loss of funding in their MYPs.

AB 100, Chapter 5/2011 allocates \$98.6 million from the Mental Health Services Act (Proposition 63) to county mental health agencies to provide AB 3632 services for 2011-12. There are still questions about the distribution of these funds and whether the allocations will cover all costs for 2011-12. School districts need to work with their SELPA on resolutions.

The most significant aspect of the Governor's May Revision relative to special education is his proposal to permanently shift the responsibility to provide AB 3632 mental health services and out-of-home care residential services from county agencies to SELPAs and the permanent repeal of the AB 3632 mandate. This proposal needs legislative approval and would be effective for the 2012-13 fiscal year. Funding is provided from state and federal resources for this purpose and the funding would be distributed to SELPAs via a formula similar to the current AB 602 formula, which is based on total student count rather than services provided. Proposition 98 is increased by \$221.8 million as a result of this shift of responsibility to schools to provide AB 3632 mental health services and out-of-home care residential services. Additionally, \$98.6 million allocated per AB 100, Chapter 5/2011 from Proposition 63 would continue to be distributed to county mental health agencies and SELPAs could contract with them for services. School districts should work with their SELPAs to determine the fiscal impact of this proposal and to develop implementation strategies.

### **K-3 Class Size Reduction**

The Governor's May Revision proposes total funding equal to the 2010-11 budget assumption, to provide funding through budget act and trailer bill appropriations instead of through a continuous appropriation, and maintains funding rates at 2010-11 levels.

SB 70 has extended the reduced penalties through 2013-14 as follows:

CSR Graduated Penalties	
Class Size	2008-09 to 2013-14
Up to 20.44	No penalty
20.45 to 21.44	5% penalty
21.45 to 22.44	10% penalty
22.45 to 22.94	15% penalty
22.95 to 24.94	20% penalty
24.95 or more	30% penalty

SB 70 enacted the CSR flexibility through 2013-14. Therefore, school districts may include this revenue through 2013-14 in the MYPs. The CSR programs still sunset one year earlier than other Tier 3 Categorical Flexibility programs.

### **Class Size Penalties**

School districts must note that the Education Code provides for maximum class size limits as follows:

- Kindergarten: Average of 31:1, with no class exceeding 33
- Grades 1-3: Average of 30:1, with no class exceeding 32
- Grades 4-8: Average of 29.9:1 or the school district's average number of pupils per teacher in 1964, whichever is greater.

The following SSC website lists the 1964 average class size data for all school districts:

<http://sscal.com/download.cfm?id=12>.

If a school district exceeds these limits, there will be a loss of the revenue limit funding for every student over these limits. Waivers may be available. School districts should contact our office prior to applying to the State Board of Education for a waiver.

## **Child Care**

SB 70 made significant reductions to state child care and preschool programs. The Legislature cut direct service child care programs by \$716 million. This results in greater eligibility restrictions, including elimination of services to children ages 11 and 12; lowers maximum income eligibility from 75% to 70% of the state median income; a reduction to provider rates; increased parent fees and other changes.

## **Instructional Materials**

ABX4 2 extends the suspension of the Instructional Materials requirement from 2009-10 through 2012-13 and postpones the State Board of Education's adoption cycle for an equivalent time-frame. SB 70 extends this suspension to June 30, 2015. Therefore, school districts will not be required to purchase materials under the adoption schedule for 2009-10 through 2014-15. However, if new adoption materials are purchased, they must be made available to all pupils for whom they are intended and must be approved standards aligned materials. Please note that school districts must annually hold a public hearing and adopt a resolution certifying sufficiency of textbooks per EC 60119 as in previous years.

## **Lottery**

The 2011-12 projection is \$111 per ADA (unrestricted) and \$17.50 per ADA (Prop. 20 restricted).

## **Basic Aid Fair Share Budget Reductions**

SB 70, Chapter 7/2011, the Education Trailer Bill includes an additional 8.92% reduction on the Second Principal Apportionment base revenue limit for 2010-11 to be implemented in the 2011-12 fiscal year. Fair share reductions in subsequent years will be dealt with by the State one year at a time.

## **Categorical Flexibility**

The 2011-12 Governor's May Revision does not provide any additional growth or COLA to the Tier 3 categorical flexibility programs. However SB 70 does extend the Tier 3 flexibility to June 30, 2015. School Districts may include the extension in the development of the 2011-12 Budget and related MYPs.

## **Mandated Costs**

The Governor's May Revision reduces funding for mandates by \$38.2 million. This level of funding is based upon recommendations by a committee under the direction of the Legislative Analyst's Office. The Governor is not proposing to budget for placeholders for mandates.

At this time it is recommended that school districts continue to budget mandated cost revenues on a cash basis.

Also note that the payback of the Special Education mandate equaling \$4.51 per 1999/2000 P-2 ADA expires as of June 30, 2011. Revenue must not be budgeted beyond this date.

## Cash Management

### ***Intra-Year Principal Apportionment Deferrals***

#### **2011-12**

SB 82 was chaptered on March 24, 2011 and allows for intra-year deferrals in the 2011-12 fiscal year. The intra-year deferrals from SB 82 are as follows:

<b>Timeframe</b>	<b>Deferral Amount</b>
July 2011 to September 2011	\$700 million
July 2011 to January 2012	\$700 million
August 2011 to January 2012	\$1.4 billion
October 2011 to January 2012	\$2.4 billion
March 2012 to April 2012	\$1.4 billion

### ***Inter-Year Principal Apportionment Deferrals***

The Governor's 2011-12 January Budget Proposal called for a new inter-year deferral of \$2.1 billion that would commence with the 2011-12 fiscal year. In addition, SB 70 added a one-time modification to the February 2011 to July 2011 deferral. The \$2 billion February to July deferral was split into three amounts: \$24.7 million from February 2011 to July 2011, \$1.4 billion from February 2011 to August 2011, and \$569.8 million from February 2011 to September 2011. However, the Governor's May Revision reversed the \$2.1 billion deferral from March 2011 and April 2011 to August 2011. Additionally, the May Revision reduces the February 2012 to July 2012 deferral from \$2 billion to \$1.5659 billion. Please refer to the table below for a list of principal apportionment inter-year deferrals. It is important to note that \$7.4 billion will be deferred from 2010-11 to 2011-12 and \$7.0 billion will be deferred from 2011-12 to 2012-13. The percentage of principal apportionment funds deferred across fiscal years in 2011-12 is 26.2%. **See Attachment A for a graphic illustration of all principal apportionment deferrals both intra-year and inter-year.**

<b>2010-11</b>		<b>2011-12</b>	
<b>Deferral Amount</b>	<b>Timeframe</b>	<b>Deferral Amount</b>	<b>Timeframe</b>
\$24.7 million	February 2011 to July 2011	\$1.5659 billion	February 2012 to July 2012
\$1.4055 billion	February 2011 to August 2011		
\$569.8 million	February 2011 to September 2011		
\$420 million	April 2011 to July 2011	\$420 million	April 2012 to July 2012
\$679 million	April 2011 to August 2011	\$679 million	April 2012 to August 2012
\$800 million	May 2011 to July 2011	\$800 million	May 2012 to July 2012
\$1.0 billion	May 2011 to August 2011	\$1.0 billion	May 2012 to August 2012
\$2.5 billion	June 2011 to July 2011	\$2.5 billion	June 2012 to July 2012
<b>\$7.4 billion</b>	<b>Deferred across fiscal years</b>	<b>\$7.0 billion</b>	<b>Deferred across fiscal years</b>

**Also note that changes in property valuations can significantly affect cash flow. Also, the change in status from a Revenue Limit school district to a Basic Aid school district will impact the receipt of cash from monthly to primarily December and April.**

### ***Other Inter-Year Payment Deferrals***

In addition to the inter-year principal apportionment payment deferrals, there are three inter-year deferrals applicable to K-3 Class Size Reduction, School Safety Violence Prevention, and Targeted Instructional Improvement Grant. These programmatic deferrals are in effect for 2010-11 and 2011-12. The deferral amounts are listed below:

- \$550 million for K-3 Class Size Reduction (CSR)
- \$38.7 million for School Safety Violence Prevention
- \$100.1 million for the Targeted Instructional Improvement Grant

### ***Apportionment Schedules***

In addition to apportionment deferrals, the State of California modified the principal apportionment payment schedules in 2009-10 to enhance the State's cash position in future years. In light of the reduced and deferred apportionments and change in timing of distribution of funds from the State, a great deal of emphasis must be placed on cash flow analysis and monitoring.

Please note that the principal apportionment deferrals will impact each school district differently depending upon: (1) the amount of State Aid revenue limit funding that each district receives and (2) the principal apportionment schedule that is dictated by Education Code Section 14041. **Please see Attachments B-1 and B-2 for the principal apportionment schedules that include monthly percentages for 2010-11 and 2011-12.** Note that Attachment B-2 only applies to Buena Park School District, Brea Olinda Unified School District, and Laguna Beach Unified School District.

We have always stressed the importance of maintaining appropriate reserves. **These cash management challenges make it even more imperative that we consider reserve levels greater than the minimums required within the State's Criteria and Standards.** Reserves are especially critical in order to meet cash flow needs that guarantee the ability to adequately meet payrolls and other obligations.

### **Interest Yield Projections**

The current interest yield projection for fiscal year 2011-12 is 0.75%. These projections are provided by the Orange County Treasurer and are based on the current yield environment taking into account any possible action from the Federal Open Market Committee. This information is updated throughout the year in the Orange County Treasurer's Monthly Management Reports.

### **Property Taxes**

For 2011-12, the Orange County Assessor projects county-wide assessed valuations to change year over year by -1% to +1%. Similarly, the Orange County Auditor-Controller's Office projects 2011-12 county-wide property taxes to remain flat with a variance of  $\pm 1\%$ .

<b><i>Property Tax Change (2010-11 to 2011-12)</i></b>	
<b><i>County-wide</i></b>	Between -1% and +1%
<b><i>Newport Mesa Unified</i></b>	0.5%
<b><i>Laguna Beach Unified</i></b>	0.5%
<b><i>Irvine Unified</i></b>	0.0%

## **Negotiations**

When considering a multi-year contract, school districts need to be very flexible and have appropriate contingency language, such as basing compensation increases on “funded COLA” or “effective COLA”. Also recognize that there may be different COLAs and deficits for revenue limits versus categorical programs and this should be considered during negotiations.

It is also important to note that the 2011-12 Governor’s May Revision provides flat funding but the May Revision is, in part, contingent on the extension of the temporary taxes by the Legislature and voters. School districts need to consider this as they negotiate changes to collective bargaining agreements.

## **Reserve For Economic Uncertainties**

The revised 2009-10 Enacted Budget lowered the minimum reserve requirement levels for economic uncertainties to 1/3 the percentage level adopted by the State Board as of May 1, 2009. SB 70 extends this provision for both 2010-11 and 2011-12. However, school districts are required to make progress in the 2012-13 fiscal year to return to compliance with the specified standards and criteria adopted by the State Board. By fiscal year 2013-14, school districts must meet compliance and restore the reserves to the percentage adopted by the State Board as of May 1, 2009. We believe that the percentages established in the Criteria and Standards for reserves prior to the current Enacted Budget are the BARE MINIMUM. Moreover, once the minimum reserve levels are reduced, it would take budget reductions of twice the amount of the lowered reserve levels to fully restore the reserve by June 30, 2014. With the continued deferral of apportionments, it is more critical than ever to maintain higher levels of reserves for cash flow purposes. Remember that a school district needs a state loan when they run out of cash and do not have any other borrowing options even if the school district has a positive fund balance.

County offices of education and basic aid school districts are advised to maintain reserves much greater than the State required minimum because they do not have the prior year ADA protection provided to school districts under Education Code 42238.5, whereby revenue limit funding is based on ADA for either the current or prior fiscal year, whichever is greater.

## **Summary**

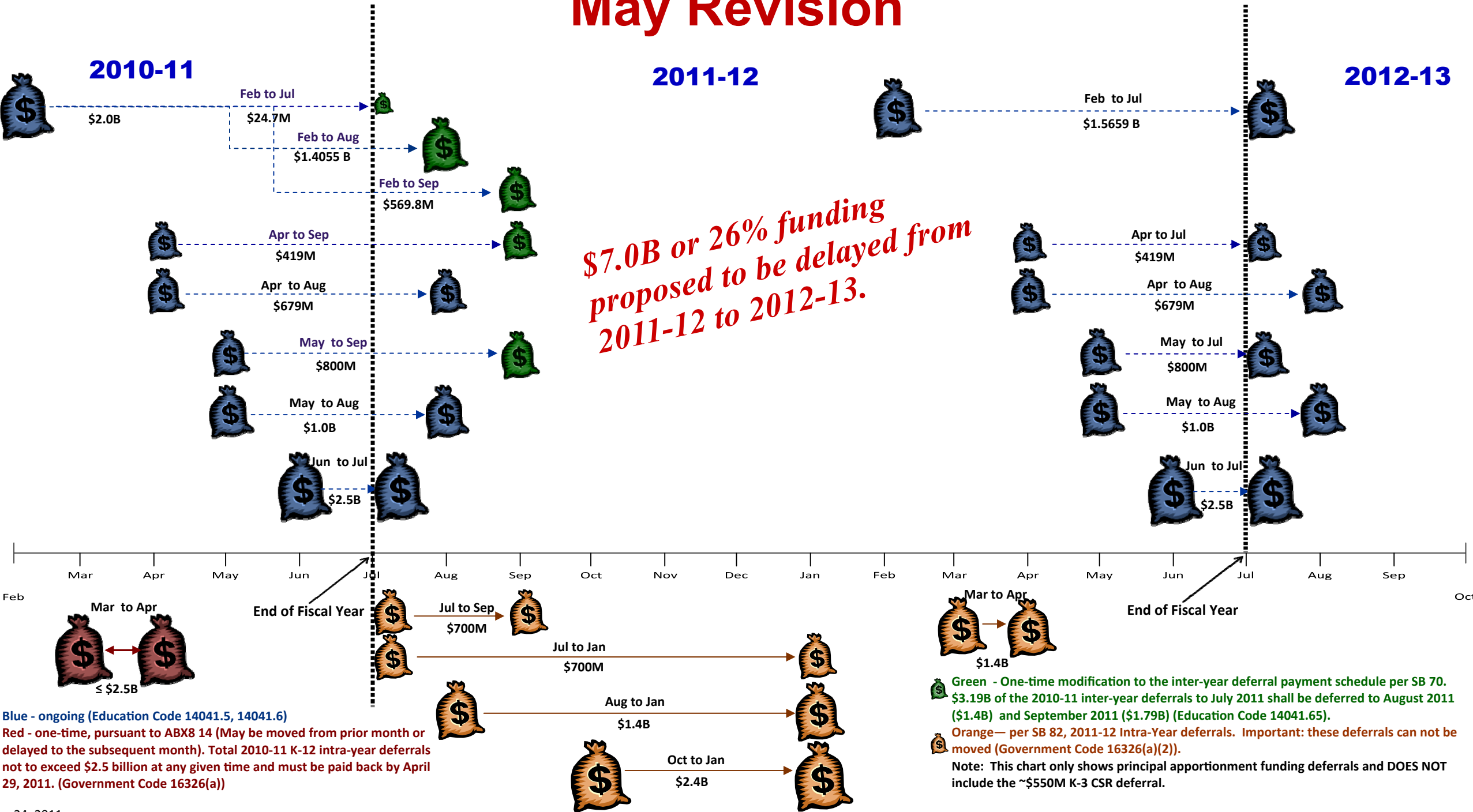
We recognize that these are extraordinary economic times and it is difficult to gauge the future. School district budgets should be managed with a great degree of conservatism over the next few years. In these times of great economic and budgetary uncertainty, school districts need reserves that are much greater than the minimum.

It is recommended that school districts continue to be conservative and focus on a multi-year strategy when recommending decisions and obtaining agreements. Attention should be focused on the MYPs for 2012-13 and beyond.

We understand how difficult it is for school districts to deal with the increased pressures, significantly reduced funding, apportionment deferrals, and the uncertainty associated with a volatile economy. It is important that school districts be proactive through developing contingency plans that allow the most flexibility possible.

# Delayed Principal Apportionment Funding

## May Revision



Principal Apportionment Schedule - EC 14041(a)(1)(2)(3)(4)

ATTACHMENT B-1

	2010-11												2011-12												2012-13		
	Advance							P-1				P-2	Advance							P-1					P-2	Advance	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
E.C. Section 14041(a)(1)(2)(3)(4)	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	5.00%	5.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	5.00%	5.00%	
Percentage Paid in Current Month	0.00%	5.00%	0.29%	9.00%	9.00%	9.00%	9.00%	0.85%	0.00%	4.52%	1.66%	0.00%	0.00%	0.00%	9.00%	0.00%	9.00%	9.00%	9.00%	2.62%	3.62%	4.52%	1.66%	0.00%	5.00%	5.00%	
Deferred from July Advance			5.00%												2.50%				2.50%								
Deferred from August Advance																			5.00%								
Deferred from September Advance						8.71%																					
Deferred from October Advance																			9.00%								
Deferred from February P-1													0.10%	5.73%	2.32%										6.38%		
Deferred from March P-1										9.00%											5.38%						
Deferred from April P-1														2.77%	1.71%										1.71%	2.77%	
Deferred from May P-1														4.08%	3.26%										3.26%	4.08%	
Deferred from June P-2													9.00%												9.00%		
Total Received from Current Year	0.00%	5.00%	5.29%	9.00%	9.00%	17.71%	9.00%	0.85%	0.00%	13.52%	1.66%	0.00%	0.00%	0.00%	11.50%	0.00%	9.00%	9.00%	25.50%	2.62%	3.62%	9.90%	1.66%	0.00%	5.00%	5.00%	
Total Received from Prior Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.10%	12.57%	7.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.35%	6.84%	
Grand Total Received	0.00%	5.00%	5.29%	9.00%	9.00%	17.71%	9.00%	0.85%	0.00%	13.52%	1.66%	0.00%	9.10%	12.57%	18.79%	0.00%	9.00%	9.00%	25.50%	2.62%	3.62%	9.90%	1.66%	0.00%	25.35%	11.84%	

Cumulative E.C. Section 14041 5/5/9	5.00%	10.00%	19.00%	28.00%	37.00%	46.00%	55.00%	64.00%	73.00%	82.00%	91.00%	100.00%			
2010-11 Cumulative Principal Apportionments	0.00%	5.00%	10.29%	19.29%	28.29%	46.00%	55.00%	55.85%	55.85%	69.37%	71.03%	71.03%	80.13%	92.71%	100.00%
Difference	-5.00%	-5.00%	-8.71%	-8.71%	-8.71%	0.00%	0.00%	-8.15%	-17.15%	-12.63%	-19.97%	-28.97%			

Cumulative E.C. Section 14041	5.00%	10.00%	19.00%	28.00%	37.00%	46.00%	55.00%	64.00%	73.00%	82.00%	91.00%	100.00%		
2011-12 Cumulative Principal Apportionments	0.00%	0.00%	11.50%	11.50%	20.50%	29.50%	55.00%	57.62%	61.24%	71.14%	72.80%	72.80%	93.16%	100.00%
Difference	-5.00%	-10.00%	-7.50%	-16.50%	-16.50%	-16.50%	0.00%	-6.38%	-11.76%	-10.86%	-18.20%	-27.20%		

Assumptions:

(1) For 2011-12, we assume that your 2011-12 Advance Apportionment is fixed for the entire 2011-12 fiscal year.

Legend:
Red: one-time 2010-11 Intra-year Deferrals (ABX8 14, Government Code Section 16326(a))
Orange: one-time 2011-12 Intra-Year Deferrals (SB82, Government Code Section 16326(a)(2))
Blue: ongoing Inter-Year Deferrals (Education Code Sections 14041.5, 14041.6)
Green: one-time modification of Inter-Year Deferrals (SB 70, Education Code Section 14041.65)
Yellow Highlight: Percentage of Principal Apportionment payments deferred across fiscal years.

Principal Apportionment Schedule - EC 14041(a)(7)  
Only applies to Buena Park Elementary, Brea-Olinda Unified, and Laguna Beach Unified

ATTACHMENT B-2

	2010-11												2011-12												2012-13	
	Advance							P-1				P-2	Advance							P-1				P-2	Advance	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Education Code Section 14041(a)(7)	15.00%	15.00%	15.00%	15.00%	0.00%	0.00%	6.00%	6.80%	6.80%	6.80%	6.80%	6.80%	15.00%	15.00%	15.00%	15.00%	0.00%	0.00%	6.00%	6.80%	6.80%	6.80%	6.80%	6.80%	15.00%	15.00%
Percentage Paid in Current Month	0.00%	15.00%	0.48%	15.00%	0.00%	0.00%	6.00%	0.64%	0.00%	3.42%	1.26%	0.00%	0.00%	0.00%	15.00%	0.00%	0.00%	0.00%	6.00%	1.98%	2.74%	3.42%	1.26%	0.00%	15.00%	15.00%
Deferred from July Advance			15.00%												7.50%				7.50%							
Deferred from August Advance																			15.00%							
Deferred from September Advance						14.52%																				
Deferred from October Advance																			15.00%							
Deferred from February P-1													0.08%	4.33%	1.75%										4.82%	
Deferred from March P-1										6.80%											4.06%					
Deferred from April P-1														2.09%	1.29%										1.29%	2.09%
Deferred from May P-1														3.08%	2.46%										2.46%	3.08%
Deferred from June P-2													6.80%												6.80%	
Total Received from Current Year	0.00%	15.00%	15.48%	15.00%	0.00%	14.52%	6.00%	0.64%	0.00%	10.22%	1.26%	0.00%	0.00%	0.00%	22.50%	0.00%	0.00%	0.00%	43.50%	1.98%	2.74%	7.48%	1.26%	0.00%	15.00%	15.00%
Total Received from Prior Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.88%	9.50%	5.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.06%	0.00%	0.00%	15.38%	5.17%
Grand Total Received	0.00%	15.00%	15.48%	15.00%	0.00%	14.52%	6.00%	0.64%	0.00%	10.22%	1.26%	0.00%	6.88%	9.50%	28.01%	0.00%	0.00%	0.00%	43.50%	1.98%	2.74%	11.54%	1.26%	0.00%	30.38%	20.17%

Cumulative E.C. Section 14041	15.00%	30.00%	45.00%	60.00%	60.00%	60.00%	66.00%	72.80%	79.60%	86.40%	93.20%	100.00%														
2010-11 Cumulative Principal Apportionmen	0.00%	15.00%	30.48%	45.48%	45.48%	60.00%	66.00%	66.64%	66.64%	76.86%	78.11%	78.11%	84.99%	94.49%	100.00%											
Difference	-15.00%	-15.00%	-14.52%	-14.52%	-14.52%	0.00%	0.00%	-6.16%	-12.96%	-9.54%	-15.09%	-21.89%														

Cumulative E.C. Section 14041													15.00%	30.00%	45.00%	60.00%	60.00%	60.00%	66.00%	72.80%	79.60%	86.40%	93.20%	100.00%		
2011-12 Cumulative Principal Apportionments													0.00%	0.00%	22.50%	22.50%	22.50%	22.50%	66.00%	67.98%	70.72%	78.19%	79.45%	79.45%	94.83%	100.00%
Difference													-15.00%	-30.00%	-22.50%	-37.50%	-37.50%	-37.50%	0.00%	-4.82%	-8.88%	-8.21%	-13.75%	-20.55%		

Assumptions

(1) For 2011-12, we assume that your 2011-12 Advance Apportionment is fixed for the entire 2011-12 fiscal year.

Legend:
Red: one-time 2010-11 Intra-year Deferrals (ABX8 14, Government Code Section 16326(a))
Orange: one-time 2011-12 Intra-Year Deferrals (SB82, Government Code Section 16326(a)(2))
Blue: ongoing Inter-Year Deferrals (Education Code Sections 14041.5, 14041.6)
Green: one-time modification of Inter-Year Deferrals (SB 70, Education Code Section 14041.65)
Yellow Highlight: Percentage of Principal Apportionment payments deferred across fiscal years.

## SSC School District and County Office Financial Projection Dartboard 2011-12 May Revision

This version of SSC's Financial Projection Dartboard is based on the Governor's 2011-12 May Revision. We have updated the COLA, CPI, and ten-year T-bill factors per the latest economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Statutory COLA (applies to K-12 and COE Revenue Limits)		-0.39%	2.24%	3.20%	2.70%	2.90%	3.10%
K-12 Revenue Limit Deficit %		17.963%	19.754%	19.754%	19.754%	19.754%	19.754%
COE Revenue Limit Deficits %		18.250%	20.041%	20.041%	20.041%	20.041%	20.041%
Net Revenue Limit Change: K-12 COEs		5.17%	0.00%	3.20%	2.70%	2.90%	3.10%
		5.17%	0.00%	3.20%	2.70%	2.90%	3.10%
Special Education COLA (on state and local share only)		0.00%	0.00%	3.20%	2.70%	2.90%	3.10%
State Categorical Funding (including adult education and ROC/P)	Tier I	0.00%	0.00%	3.20%	2.70%	2.90%	3.10%
	Tier II	0.00%	0.00%	3.20%	2.70%	2.90%	3.10%
	Tier III	0.00%	0.00%	3.20%	2.70%	2.90%	3.10%
California CPI		1.80%	3.10%	2.70%	3.10%	3.20%	3.30%
California Lottery	Base	\$112.50	\$111.00	\$110.00	\$108.75	\$108.75	\$108.75
	Proposition 20	\$17.50	\$17.50	\$17.20	\$17.20	\$17.20	\$17.20
Interest Rate for Ten-Year Treasuries		3.20%	3.80%	4.10%	4.30%	4.40%	4.50%

ESTIMATED STATEWIDE AVERAGE BASE REVENUE LIMITS PER ADA "UNDEFICITED"			
Year	Elementary	High School	Unified
2010-11 Statewide Average (est.)	\$6,110	\$7,340	\$6,392
2011-12 Inflation Increase @ 2.24% COLA	\$137	\$164	\$143
2011-12 Statewide Average (est.)	\$6,247	\$7,504	\$6,535

2011-12 BUDGET ACT ESTIMATED CHARTER SCHOOL RATES				
	K-3	4-6	7-8	9-12
General Purpose Block Grant (will change at each apportionment)	\$5,049	\$5,125	\$5,271	\$6,116
Categorical Block Grant (est.) <sup>1</sup>	\$410	\$410	\$410	\$410
Total	\$5,459	\$5,535	\$5,681	\$6,526

<sup>1</sup> The Charter School Categorical Block Grant rates do not include Economic Impact Aid funding, which is provided separately. In addition, charter schools that began operation in or after 2008-09, there is an additional amount per ADA in supplemental categorical block grant funding.