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July 13, 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 based on the 2011-12 State Budget Act**

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 Dual Adoption Budgets and 45 Day Budget Revisions. This guidance is based upon the 2011-12 State Budget Act.

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

cc: Superintendents
Gabriel Petek, Standard & Poor's
Jean Buckley, Tamalpais Advisors, Inc.
Kevin Hale, Orrick, Herrington & Sutcliffe
Arto Becker, Hawkins, Delafield & Wood

Orange County Budget Advisory

2011-12 Budget Act & Related Multi-year Projections

July 13, 2011

BACKGROUND

This document provides guidance for 2011-12 School District Budgets and related Multi-Year Projections (MYPs) and reflects the 2011-12 Enacted State Budget. The advice contained in this version incorporates the changes since the Governor's May Revision budget advisory which was issued on May 25, 2011.

On June 30, 2011, Governor Brown signed the State Budget Act, SB 87, Chapter 33, Statutes of 2011, and the Education Trailer Bill, AB 114, Chapter 43, Statutes of 2011. These bills included the following major provisions affecting K-12 education:

- Added $4 billion more in General Fund Revenues over the $6.6 billion in the May Revision, bringing the total to $10.6 billion more in General Fund revenues over the two-year period (2010-11 and 2011-12).
- Redesignated 1.06 cents of the sales tax from state revenue to local revenue to fund the Governor's realignment of services. Shifted funding for child development programs (except preschool programs) out of Proposition 98 which reduced the minimum guarantee by $1.054 billion.
- Enacted "Trigger Language" that automatically implements reductions to K-12 education if state revenue forecasts are not met. Provides a formula for calculating the reductions implemented by the "Trigger Language".
    - If state revenues fall short of targeted projections by more than $2 billion, the state will impose a $248 million cut to home-to-school transportation including special education transportation and will reduce revenue limits by up to 4%, proportional to the amount of state revenue shortfall.
    - Per a School Services of California article published July 8, 2011, the "trigger language" would be implemented as follows:
        - If revenues for the year are estimated to be less than $1 billion below the forecast, then no changes are required.
        - If revenues fall between $1 billion and $2 billion lower, then a series of additional cuts are triggered, including a $23 million across-the-board cut to child care and a $30 million reduction to community colleges, accompanied by a $10 increase to student enrollment fees (this is on top of the $10 increase included in the first Budget bill).
        - If revenues fall more than $2 billion, then the state will impose additional cuts to public education of up to $1.9 billion: a 4% reduction to revenue limits; a $248 million cut to school transportation; and a $73 million reduction to community colleges.
        - In addition, the revenue limit reductions would be proportional to the amount of the revenue shortfall—for example, if the shortfall is $3 billion, then the revenue limit reduction would be 2% rather than the 4% that would apply if revenues fall $4 billion or more below estimates.
    - If the reductions authorized by the "Trigger Language" are implemented, then AB 114 provides the authority for local school boards to negotiate the reduction of the school year by 7 days to a minimum of 168 instructional days.
- Eliminated the August 15th layoff window for 2011-12, which would have allowed for further adjustments to certificated staffing.

- Reinstated the $2.1 billion in new deferrals that were proposed in the Governor's January Budget Proposal, bringing the total of deferrals to $9.44 billion for K-12.
- Added Education Code Section 42127(a)(1)(A) which includes a requirement that "each school district shall project the same level of revenue per unit of average daily attendance as it received in the 2010-11 fiscal year and shall maintain staffing and program levels commensurate with that level".
- Added Education Code Section 42127(a)(1)(B) which states, "for the 2011-12 fiscal year, the school district shall not be required to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years".
- Added Education Code Section 42127(d) which was amended to state, "the county superintendent, as condition on approval of a school district budget, shall not require a school district to project a lower level of revenue per unit of average daily attendance than it received in the 2010-11 fiscal year nor require the school district to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years".

The Governor did lessen the potential impact of AB 114 by clarifying his intent when he signed the bill. He underscored that the responsibility and authority to maintain school district fiscal solvency remains with school superintendents and their local boards by stating that "in fashioning their local budgets, school boards may nevertheless need to make reductions due to cost increases, loss of federal funds, enrollment declines, or other factors. AB 114 does not interfere with these local school board decisions. School boards should take all reasonable steps to balance their budgets and to maintain positive cash balances." (Attachment A)

Based on the requirements of AB 114 and the fiscal oversight responsibilities of the County Office of Education, we recommend the following:

- School districts should continue to maintain "best fiscal practices" and continue with prudent fiscal management.
- Education Code 42127(i)(4) reads, "not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act." In accordance with this section, it is likely that there are three primary scenarios:
  - If a school district included flat funding in the revenue section of its adopted budget, it is likely that no further action is required.
  - If a school district did not include flat funding in the revenue section of its adopted budget, then a budget revision is likely to be required in accordance with this Education Code section.
  - If a school district makes any revisions to expenditures as a result of AB 114, a 45 day budget revision is likely to be required in accordance with this Education Code section.
- Dual adoption districts (Education Code 42127(e)) have until September 8th to incorporate any revisions necessitated by the Enacted State Budget.
- It is strongly recommended that school districts begin negotiations immediately in order to develop contingency language in the event that the "trigger language" necessitates reducing the instructional year.

THE FOLLOWING SECTIONS PROVIDE MORE DETAILED ADVICE RELATIVE TO CHANGES SINCE THE GOVERNOR'S MAY REVISION BUDGET ADVISORY DATED MAY 25, 2011:

Revenue Limit and COLAs

AB 114 added Education Code Section 42127(a)(1)(A) which includes a requirement that "each school district shall project the same level of revenue per unit of average daily attendance as it received in the 2010-11 fiscal year. Therefore, school districts should use their 2010-11 revenue limit per ADA funding for the projection of their revenue limit per ADA for 2011-12. We recommend that school districts use the School Services of California (SSC) Dartboard (Attachment B), which was updated based on the 2011-12 Enacted State Budget in the development of their 2011-12 Budget Revisions and the related MYPs for 2012-13 and 2013-14.

AB 3632 Mental Health Services

The Budget agreement included the Governor's May Revision 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 permanently repealed the AB 3632 mandate. The provisions take effect in the 2011-12 fiscal year. Funding is provided from state and federal resources for this purpose and the funding will 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 school districts to provide AB 3632 mental health services and out-of-care residential services. AB 114 includes $98.6 million in one-time Proposition 63 (Mental Health Services Act) funding to pay for mental health agreements between school districts and local county health mental agencies for 2011-12. The formula for the distribution of the $98.6 million will be determined. **School districts should work with their SELPAs to determine the fiscal impact of this proposal and to develop implementation strategies.**

Federal Individuals with Disabilities Education Act of 2004 (IDEA) funds in the amount of $69 million are also available for providing educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils. Please note that for 2011-12 fiscal year, the allocation method will be based on CASEMIS data. However, starting in 2012–13, funding will be allocated based on an equal rate per pupil using a methodology specified in Education Code Section 56836.07 of the Education Code and using average daily attendance for the 2011–12 fiscal year.

Additionally SB 87 allows up to $31,000,000 of existing IDEA funding (formerly for pre-referral services) to be available for educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Improvement Act of 2004 (20 U.S.C. Sec. 1400 et seq.). The Superintendent of Public Instruction shall allocate these funds to special education local plan areas on a one-time basis in the 2011–12 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the Education Code.

Funding Amount	Allocation Method	Note
$221.8 M	Per ADA, AB 602 formula	AB 3632 shift from counties to schools, $3M set aside for extraordinary cost pool
$98.6 M	To be determined	One time Proposition 63 funds to pay for agreement between schools and local county mental health
$69.0 M	CASEMIS for 11/12, per ADA starting 12/13	Continuing Federal IDEA appropriation
$31.0 M	Per ADA rate of ~$5.16	Continuing Special Education appropriation; can now be spent on pre-referral as well as AB 3632 services

Child Care

The Budget restores approximately $200 million to child development programs that was previously eliminated in March, and does this through: a restoration of the 10% reduction to the standard reimbursement rate; a reduction in contracts or slots (including preschool) by 11% instead of 15%; and continued funding of childcare services for 11- and 12-year olds. The Budget does not include the March proposal to increase family fees paid by low income individuals for childcare services.

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:

Timeframe	Deferral Amount
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

SB 70 was chaptered in March 2011 and made 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. The 2011 Budget Act reinstates the $2.1 billion deferral from the Governor's January Proposal, which is $1.3 billion from March 2012 to August 2012 and $763.794 million from April 2012 to August 2012. 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 $9.4 billion will be deferred from 2011-12 to 2012-13. The percentage of principal apportionment funds deferred across fiscal years in 2011-12 is 39%. **See Attachment C for a graphic illustration of all principal apportionment deferrals both intra-year and inter-year.**

2010-11		2011-12	
Deferral Amount	**Timeframe**	**Deferral Amount**	**Timeframe**
$24.7 million	February 2011 to July 2011	$2.0 billion	February 2012 to July 2012
$1.4055 billion	February 2011 to August 2011	$1.3 billion	March 2012 to August 2012
$569.8 million	February 2011 to September 2011	$763.8 million	April 2012 to August 2012
$419 million	April 2011 to July 2011	$419 million	April 2012 to July 2012
$678.6 million	April 2011 to August 2011	$678.6 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
$7.4 billion	**Deferred across fiscal years**	**$9.4 billion**	**Deferred across fiscal years**

<u>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.</u>

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, 2011-12, and 2012-13. 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. There are three separate principal apportionment schedules outlined in Education Code Section 14041(a). Most LEAs in Orange County receive apportionments that are in accordance with Education Code Section 14041(a)(1)(2)(3)(4). However, there are a small number of districts in Orange County that receive apportionments in accordance with Education Code Section 14041(a)(7). The Education Code Section 14041(a)(7) principal apportionment schedule applies to school districts that reported less than 5,000 units of average daily attendance in the 1979-80 fiscal year and that received 39 percent or more, but less than 75 percent, of their total revenue limits from local property taxes in that fiscal year. If your district does not meet the criteria for 14041(a)(7), then you receive principal apportionments according to the 14041(a)(1)(2)(3)(4) schedule. **Please see Attachments D-1 and D-2 for the principal apportionment schedules that include monthly cash percentages for 2011-12.**

We have always stressed the importance of maintaining appropriate reserves. **<u>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.</u>** Reserves are especially critical in order to meet cash flow needs that guarantee the ability to adequately meet payrolls and other obligations.

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 undeficited revenue limit for 2010-11 to be taken in the 2011-12 fiscal year. This reduction is the lesser of excess property taxes and 8.92% of the 2010-11 revenue limit before deficit. Although fair share reductions in subsequent years will be determined by the State one year at a time, it is likely that fair share reductions will continue until the deficit factor is eliminated.

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.

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 (COEs) 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.

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 Enacted State Budget provides flat funding, but AB 114 incorporated "trigger language" reducing revenue limit apportionments if state revenues do not reach a specified level. School districts need to consider this as they negotiate changes to collective bargaining agreements.

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. School districts are strongly advised to continue with prudent financial management and maintain fiscal best practices.

We understand how difficult it is for school districts to deal with the increased pressures, significantly reduced funding, growing 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.

Attachment A

OFFICE OF THE GOVERNOR

June 30, 2011

To the Members of the California State Assembly:

AB 114 directs schools to adhere to the level of state funding provided in the Budget and not assume a different, or lower, state funding level. If, in fact, revenues fall far short of projections – something we don't anticipate – this bill reduces funding beginning in February. It also provides schools the authority to shorten the school year by up to 7 days. This approach avoids the harmful effects of unnecessary cuts.

In fashioning their local budgets, school boards may nevertheless need to make reductions due to cost increases, loss of federal funds, enrollment declines or other factors. AB 114 does not interfere with these local school board decisions. School boards should take all reasonable steps to balance their budgets and to maintain positive cash balances.

Let us not forget that schools would have enjoyed billions more in state funding if Republicans in the Legislature had allowed the people of California to vote on tax extensions.

Sincerely,

Edmund G. Brown Jr.

GOVERNOR EDMUND G. BROWN JR. • SACRAMENTO, CALIFORNIA 95814 • (916) 445-2841

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	5.17%	0.00%	3.20%	2.70%	2.90%	3.10%
	COEs	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

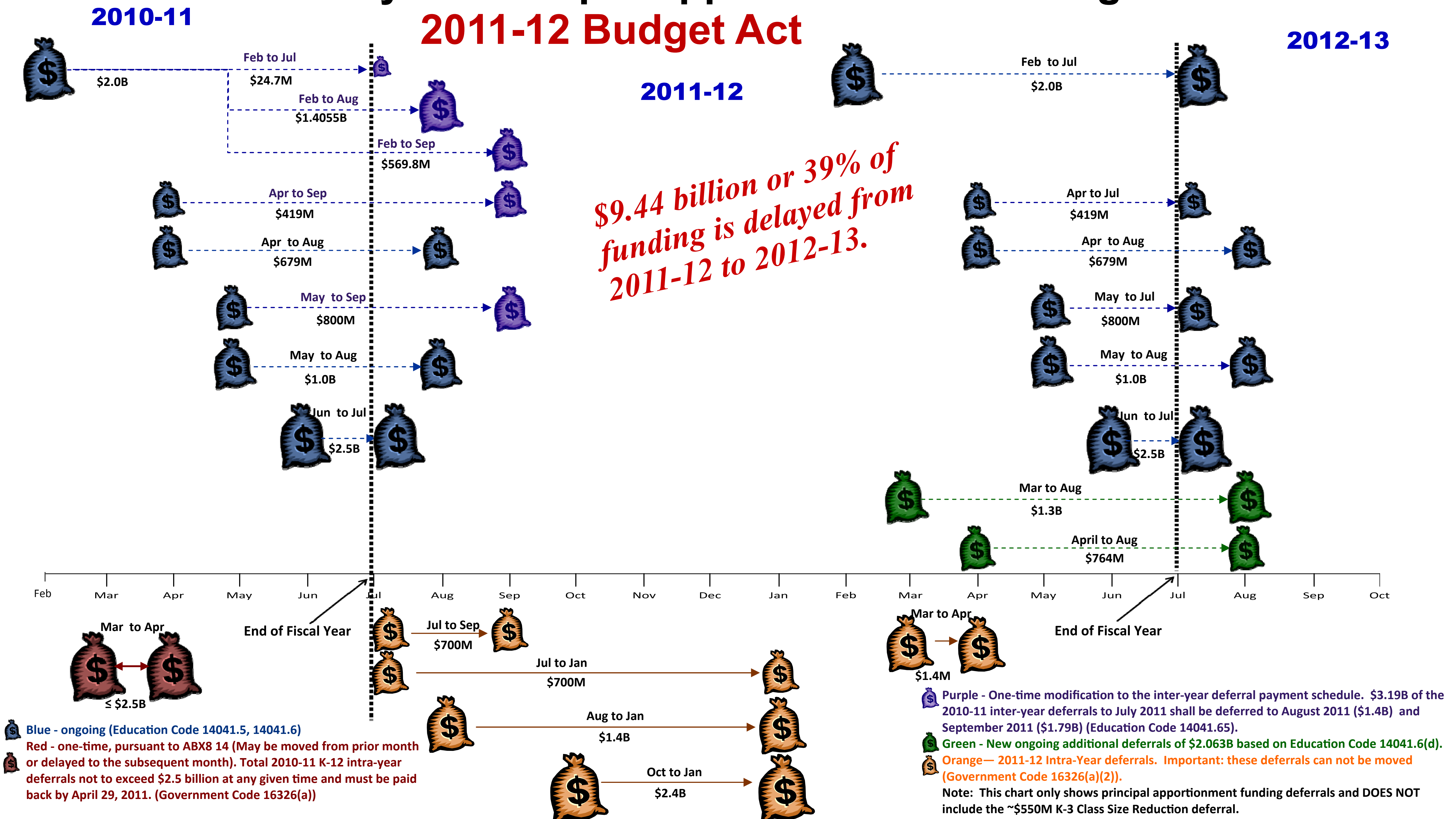
	K-3	4-6	7-8	9-12
General Purpose Block Grant (will change at each apportionment)	$5,049	$5,125	$5,271	$6,116
Categorical Block Grant (est.)[1]	$410	$410	$410	$410
Total	$5,459	$5,535	$5,681	$6,526

[1] 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.

Delayed Principal Apportionment Funding

ATTACHMENT C

2011-12 Budget Act



July 7, 2011

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

ATTACHMENT D-1

	2011-12												2012-13	
	Advance							P-1				P-2	Advance	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Education Code 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%
Percentage Paid in Current Month	**0.00%**	**0.00%**	**9.00%**	**0.00%**	**9.00%**	**9.00%**	**9.00%**	**0.50%**	**0.00%**	**1.09%**	**1.50%**	**0.00%**	**5.00%**	**5.00%**
Deferred from July Advance			**2.70%**				**2.30%**							
Deferred from August Advance							**5.00%**							
Deferred from October Advance							**9.00%**							
Deferred from February P-1	**0.10%**	**5.73%**	**2.32%**										**8.50%**	
Deferred from March P-1										**3.51%**				**5.49%**
Deferred from April P-1		**2.77%**	**1.71%**										**1.79%**	**6.12%**
Deferred from May P-1		**3.61%**	**3.07%**										**3.31%**	**4.19%**
Deferred from June P-2	**9.00%**												**9.00%**	
Total Received from Current Year	**0.00%**	**0.00%**	**11.70%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**5.00%**	**5.00%**
Total Received from Prior Year	**9.10%**	**12.10%**	**7.10%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**22.60%**	**15.80%**
Grand Total Received	**9.10%**	**12.10%**	**18.80%**	**0.00%**	**9.00%**	**9.00%**	**25.30%**	**0.50%**	**0.00%**	**4.60%**	**1.50%**	**0.00%**	**27.60%**	**20.80%**

Cumulative E.C. Section 14041 5/5/9			
2010-11 Cumulative Principal Apportionments	80.79%	92.90%	100.00%
Difference			

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%	11.70%	11.70%	20.70%	29.70%	55.00%	55.50%	55.50%	60.10%	61.60%	61.60%	84.20%	100.00%
Difference	**-5.00%**	**-10.00%**	**-7.30%**	**-16.30%**	**-16.30%**	**-16.30%**	**0.00%**	**-8.50%**	**-17.50%**	**-21.90%**	**-29.40%**	***-38.40%***		

Assumptions:

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

Legend:

Orange: one-time 2011-12 Intra-Year Deferrals (SB82, Government Code Section 16326(a)(2))

Purple: one-time modification for February 2011 to July 2011 deferral (SB 70). Separates into three deferrals.

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.

Source: School Services of California (SSC)

Principal Apportionment Schedule - EC 14041(a)(7)

ATTACHMENT D-2

(Only applies to Brea Olinda Unified, Buena Park Elementary, and Laguna Beach Unified)

	2011-12												2012-13	
	Advance							P-1				P-2	Advance	
	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%
Percentage Paid in Current Month	**0.00%**	**0.00%**	**15.00%**	**0.00%**	**0.00%**	**0.00%**	**6.00%**	**0.40%**	**0.00%**	**0.82%**	**1.10%**	**0.00%**	**15.00%**	**15.00%**
Deferred from July Advance			**8.10%**				**6.90%**							
Deferred from August Advance							**15.00%**							
Deferred from October Advance							**15.00%**							
Deferred from February P-1	**0.08%**	**4.33%**	**1.75%**										**6.40%**	
Deferred from March P-1										**2.68%**				**4.12%**
Deferred from April P-1		**2.09%**	**1.29%**										**1.36%**	**4.62%**
Deferred from May P-1		**3.08%**	**2.46%**										**2.54%**	**3.16%**
Deferred from June P-2	**6.80%**												**6.80%**	
Total Received from Current Year	**0.00%**	**0.00%**	**23.10%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.40%**	**0.00%**	**3.50%**	**1.10%**	**0.00%**	**15.00%**	**15.00%**
Total Received from Prior Year	**6.88%**	**9.50%**	**5.51%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**2.68%**	**0.00%**	**0.00%**	**17.10%**	**11.90%**
Grand Total Received	**6.88%**	**9.50%**	**28.61%**	**0.00%**	**0.00%**	**0.00%**	**42.90%**	**0.40%**	**0.00%**	**6.18%**	**1.10%**	**0.00%**	**32.10%**	**26.90%**

Cumulative E.C. Section 14041			
2010-11 Cumulative Principal Apportionment	84.99%	94.49%	100.00%
Difference			

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 Apportionment	0.00%	0.00%	23.10%	23.10%	23.10%	23.10%	66.00%	66.40%	66.40%	69.90%	70.99%	70.99%	88.10%	100.00%
Difference	**-15.00%**	**-30.00%**	**-21.90%**	**-36.90%**	**-36.90%**	**-36.90%**	**0.00%**	**-6.40%**	**-13.20%**	**-16.50%**	**-22.21%**	***-29.01%***		

Assumptions

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

Legend:

Orange: one-time 2011-12 Intra-Year Deferrals (SB82, Government Code Section 16326(a)(2))

Purple: one-time modification for February 2011 to July 2011 deferral (SB 70). Separates into three deferrals.

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.

Source: School Services of California (SSC)