



Santa Clara County Office of Education

Charles Weis, Ph.D.
County Superintendent of Schools

Informational Bulletin

For Santa Clara County Districts

District Business & Advisory Services

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Bulletin: 12-079

Date: December 14, 2011

To: District Chief Business Officers
District Fiscal Directors

From: Nimrat Johal

Re: State Fiscal Crisis and Trigger Cuts

On December 13, 2011, the Department of Finance (DOF) issued its revenue forecast and determined that revenues for fiscal year 2011-12 were \$2.2 billion below the budget assumptions made in June. As a result of this determination, all Tier 1 and Tier 2 reductions were fully enacted; the total amount of reductions to higher education, child care and K-12 education amount to approximately \$980 million.

The K-12 education share of the \$980 million in cuts is roughly \$328 million. More specifically, reductions to current year funding for K-12 revenue limit apportionments are \$79.6 million beginning February 1, 2012. This translates to roughly \$11 per ADA. Also, \$248 million will be cut from school transportation effective January 1, 2011. The probability these cuts will be ongoing is very likely.

On January 10, 2012, the Governor is scheduled to release his 2012-13 State Budget proposals. He has indicated more cuts were coming in January. Districts are encouraged to continue developing contingency plans for the various potential funding scenarios and establishing additional reserves to cover these potential funding reductions and ongoing cash flow shortfalls. The next several months continue to be critical to the education community. Districts are advised to be mindful of potential cuts to education and prepare to respond appropriately.

We will continue to provide State budget updates as they evolve. If our office can be of further assistance, please do not hesitate to contact your district Advisor.

Please share this information as deemed appropriate.