

District Business & Advisory Services

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Bulletin: 13-009

Date: July 11 , 2012

To: District Chief Business Officers
District Fiscal Directors

From: Kolvira Chheng

Re: Senate Bill (SB) 1016 Impact on Basic Aid Districts

This purpose of this bulletin is to inform you that Senate Bill (SB) 1016 changes the application of fair share reduction for basic aid districts. Since the implementation of fair share reduction, cuts to basic aid districts have always been applied in the following year that the cuts were enacted. SB 1016 makes the cut to basic aid districts an immediate impact, in the year that it is enacted. As such, if the mid-year trigger cut is pulled in fiscal year 2012-13, basic aid districts will be required to take reductions from their categorical funding for both the potential \$457 per ADA reduction and the already existing 9.57% 2011-12 fair share reduction. In the event that this happens, it will completely wipe out all of categorical funding for most basic aid districts.

It is unclear whether this major shift in policy is the true intention of the Legislature. If not, then there should be some clean-up language to maintain current practice for the application of fair share reduction. However, since there is no definitive ruling on this, basic aid districts are encouraged to have a contingency plan for this unexpected cut.

Please distribute this memo within your District as deemed appropriate.