

The current estimated shortfall assumes:

- A drop in Federal stimulus funding in excess of \$400K in 2011-12
- No Program Preservation funds from Parents' Clubs or local foundations in 2011-12 and 2012-13
- No emergency Parcel Tax (Measure E) revenues in 2012-13
- No increase in the Core Parcel Tax (Measure B) in 2011-12 and 2012-13
- No continued savings from the furlough day program (negotiated for 2010-11; none in 2011-12 and 2012-13)
- Health benefit premium cost increases of an estimated 13% per year over the next two years
- A \$200K transfer out of the General Fund in 2012-13 for maintenance

Editor's Note: Ongoing Step and Column salary increases are also assumed in 2011-12 and 2012-13 per the First Interim Report, p. 4-5

Given the above assumptions, the estimated deficit in 2011-12 would be - \$2,087,561 and -\$3,896,660 in 2012-13. In 2012-13, the funds needed to meet the statutory 3% reserve requirement would total \$3,877,106. In order to balance the budget over the next two years, a minimum of \$1.4 million in spending cuts/revenue enhancements will need to be identified in 2011-12 and in 2012-13 an additional \$1 million in reductions/added revenues will need to be implemented.

The District is taking a conservative stance in making its financial projections. The State Legislative Analyst's Office has projected the deficit to be \$6 billion for 2010-11 and \$19 billion per year for 2011-12 through 2015-16. Mr. Brady reiterated that "there is no guarantee that the State Revenue Limit increases of \$600K per year are expected to hold." Please go to the following link for details on the First Interim Report: