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TO: District CBOs
FROM: Bill Clark, Associate Superintendent, Business Services *BC*
SUBJECT: Second Interim Guidance 2010-11

This week BASC published the 2010-11 Second Interim Common Message guidance (see Common Message attached). The Common Message can be summarized as follows:

1. Use the Dartboard and other information provided by School Services of California to develop your Second Interim report, and
2. Use additional information provided in the Common Message to support assumptions used in your Second Interim multi-year projection.

CCCOE Second Interim Guidance

The Dartboard recommends the development of two budgets one with and one without the extension of taxes. The CCCOE requests that districts develop and **submit only one Second Interim report** using the "If Tax Extension Fails" assumption of ADA loss of (\$350) per student. Districts should also include with their Second Interim report Attachment B – Board recognition of need to make additional reductions (see attached).

Cash management is particularly challenging given the current and proposed increase in state deferrals. Districts should pay close attention to the revenue limit apportionment schedule for the months remaining in the 2010-11 fiscal year. In addition to the SACS required 2010-11 cash flow, the CCCOE requests that districts **develop a 2011-12 cash flow analysis** for planning purposes.

As a further caution, districts should understand that recently available information and analysis demonstrates that Proposition 98 is likely to be suspended should the tax extensions fail in June triggering student ADA funding reductions of \$650 or more (see Bob Blattner and LAO analysis). Given these risks, the CCCOE recommends that districts **set aside an additional reserve equal or plan for approximately \$300 per ADA** in addition to the \$350 ADA reduction outlined above.

We appreciate your efforts to manage your district's business operations during these extraordinary times. Let me know if you have any questions or need our assistance.

BC:tf

Attachments

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