ANNUAL REPORT TO THE LEGISLATURE

ON THE SCHOOL EMPLOYEES FUND

FOR STATE FISCAL YEAR 2009-10

Prepared by

California Employment Development Department

School Employees Fund Unit

March 2011

ANNUAL REPORT TO THE LEGISLATURE ON THE

SCHOOL EMPLOYEES FUND

(State Fiscal Year Ending June 30, 2010)

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This is the Annual Report to the Legislature providing comments and recommendations on the administration of the School Employees Fund (SEF) as of June 30, 2010. This report includes the operations and financial condition of the SEF for the State Fiscal Year (SFY) July 1, 2009, through June 30, 2010 as mandated by the California Unemployment Insurance Code (CUIC), Division 1, Part 1, Chapter 3, Article 6, Section 832.

The highlights of this report are:

- As of June 30, 2010, the SEF ended with a fund deficit of $2.1 million and it will not likely become solvent until the latter part of SFY 2011-12. This represents a decrease in the fund balance of $183.3 million (101 percent) when compared to SFY 2008-09, which ended with a fund balance of $181.2 million. The decrease in the fund balance in SFY 2009-10 is attributed to the increase in school employees collecting Unemployment Insurance (UI) benefits during this economic downturn and reduced funding received by school employers.

- The SEF's revenue collected during SFY 2009-10 totaled $135.5 million, which represents $3.3 million (2 percent) less revenue when compared to the $138.8 million in total revenue collected during SFY 2008-09. This reduced revenue is due to the slow economic recovery as school employers continue to experience layoffs resulting in less wages paid to school employees, which are used to determine total UI contributions made into the SEF. The majority of revenue comes from two primary sources, UI contributions applied to all wages earned by school employees and the Local Experience Charges (LEC) a school employer pays on the UI benefits paid to former school employees. Additional revenue is generated from penalties and interest paid by school employers, and interest earned on deposits made into the SEF.

- The SEF's total disbursements were $318.7 million in SFY 2009-10 compared to $129.6 million in total disbursements made in SFY 2008-09. This represents an increase of $189.1 million (145 percent) in total disbursements made in SFY 2009-10 when compared to the prior fiscal year. The SEF's major disbursement is to reimburse California's UI Trust Fund for benefits paid to former school employees. Additional disbursements are made to cover administrative and operational costs.

- During the SFY 2009-10, a total of $314.1 million in UI benefits were paid to former school employees compared to the total of $127.0 million in UI benefits paid during the SFY 2008-09. This represents an increase of $187.1 million (147 percent) in UI benefit payments to former school employees in SFY 2009-10. The increase in benefits paid is attributed to an increased number of school employees collecting benefits. Additionally, in February 2009, the high unemployment rate triggered the enactment of Assembly Bill X3-23, the Federal Extended Duration Benefits (FED-ED) program which provides 20 weeks of extended UI benefits to qualifying individuals. However, by law, school employers must pay 100 percent of the costs of FED-ED benefits which also contributed to the significant increase in UI benefits paid.

- The SEF UI contribution rate for SFY 2010-11 was calculated at 0.72 percent pursuant to the CUIC, Section 823. The UI contribution rate will not provide sufficient revenue for the SEF to meet its estimated benefit payment obligations for SFY 2010-11. However, the calculated rate is greater than the Employment Development Department (EDD) Director’s maximum rate adjustment allowed by CUIC, Section 823(c). The SEF anticipates becoming solvent during the latter part of SFY 2011-12.

INTRODUCTION

The Annual Report to the Legislature provides comments and recommendations on the administration of the SEF as of June 30, 2010, includes the SEF operations and financial condition for the SFY 2009-10 as mandated by the CUIC, Division 1, Part 1, Chapter 3, Article 6, Section 832.

In 1978, the UI coverage was extended to all public entities. Public school employers, kindergarten through 12th grades and community colleges were given the option to finance their UI costs by participating in the SEF, as authorized in Division 1, Part 1, Chapter 3, Article 6, Section 832 of the CUIC. The method to finance the UI costs under the SEF program are traditionally less costly for school employers than electing to finance the UI costs under the tax-rated method, which is required for private-sector employers, or the direct reimbursable method that other public entities may select to pay their UI costs. The reimbursable method that public entities may opt to use requires repayment of all UI benefits paid to former employees on a dollar-for-dollar basis.

The SEF is a pooled risk fund administered by the State of California's EDD. The EDD collects quarterly contributions from all school employers participating in the SEF. The quarterly contributions are based upon a percentage of total wages paid to school employees by each school employer multiplied by the statutorily set UI contribution rate.

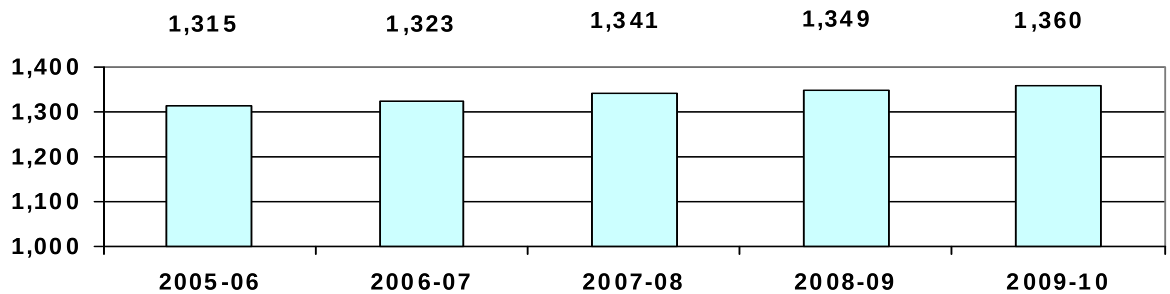
The school employer may also have to pay a quarterly LEC on the UI benefits paid to former school employees. For the LEC definition, please refer to the Glossary Appendix C. All monies collected are deposited into the SEF and are used to reimburse the California's UI Trust Fund for the cost of benefits paid to former school employees, provided the school employer uses the SEF method to finance their UI costs. Additional revenues to the SEF are generated from penalties and interest collected from employers, and interest earned on the SEF deposits.

All 72 community college districts and 1,288 public schools, which includes the County Offices of Education and charter schools, participate in the SEF. The participating school employers pay wages in excess of $39.6 billion annually. This represents a decrease of $0.9 billion from the $40.5 billion in total wages paid during SFY 2008-09.

During the SFY 2009-10, the participating school employers had a total of 947,629 school employees compared to 969,293 school employees in the prior fiscal year. This represents a decrease of 21,664 employees (2.2 percent).

Participating School Employers

During the SFY 2009-10, 28 new charter schools registered with the SEF, seven schools went inactive and ten schools were merged. The following chart displays the SEF participants growth over the past five SFYs.



SCHOOL EMPLOYER ADVISORY COMMITTEE

The School Employer Advisory Committee (SEAC) was created pursuant to the CUIC, Section 831. The SEAC consists of five members who meet at least semi-annually with the EDD administrator to consider and recommend improvements in the administration of the SEF. The State Superintendent of Public Instruction, the Chancellor of the California Community Colleges, the Association of California School Administrators, the California Association of School Business Officials, and the California School Boards Association each appoint one member to the SEAC. For a listing of the names and addresses of current SEAC representatives, see Appendix B.

Serving under the direction of the SEAC is the UI Technical Subcommittee. Its membership consists of representatives from the school employer community throughout the State and representatives from EDD. The UI Technical Subcommittee works in conjunction with the SEAC to discuss the condition of the SEF and to do outreach and assist school employers in managing UI costs.

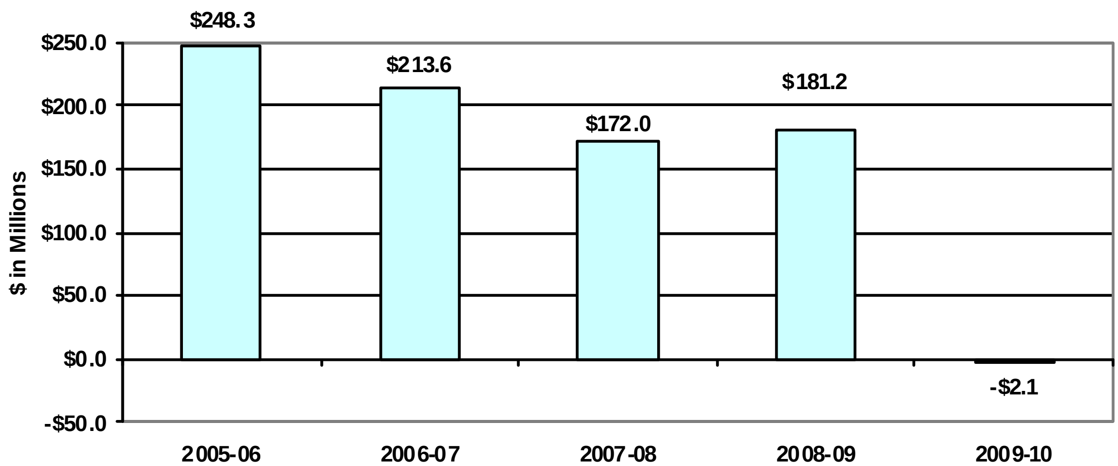
UNEMPLOYMENT INSURANCE SEMINAR FOR SCHOOL EMPLOYERS

During SFY 2009-10, the SEAC recommended to postpone the annual UI Seminar for School Employers because of the economic conditions and limited financial resources. Furthermore, travel and training restrictions were imposed for most school employers. However, most of the larger County Offices of Education plan an annual workshop to continue educating their districts (including neighboring county districts) on UI management practices that help to control UI costs.

FINANCIAL CONDITION OF THE SCHOOL EMPLOYEES FUND

School Employees Fund Balance

On June 30, 2010, the SEF ended the SFY 2009-10 with a deficit of $2.1 million. This represents a decrease of $183.3 million (101 percent) compared to the $181.2 million fund balance at the end of SFY 2008-09. The decrease in fund balance in SFY 2009-10 is due to the substantial increase of UI benefits paid to former school employees. The following chart reflects the SEF's ending fund balances as of June 30 for the past five SFYs.



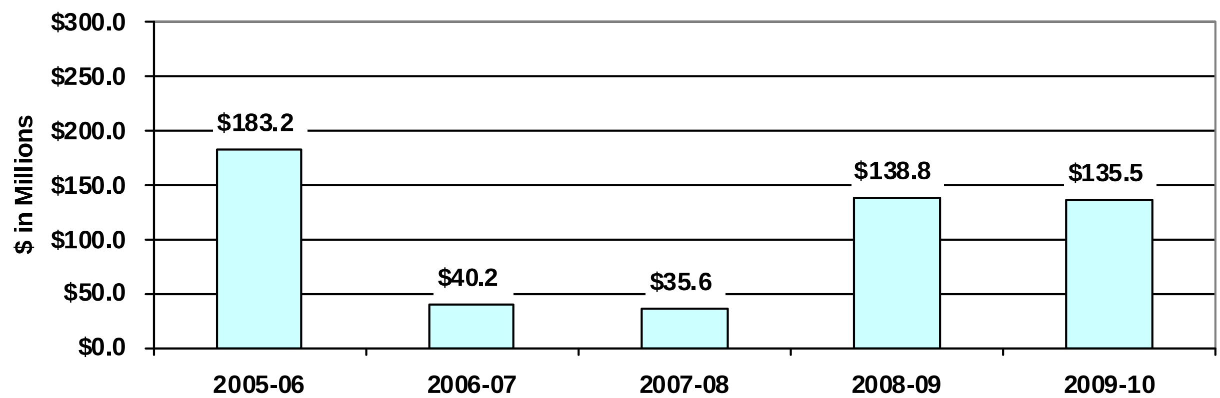
Total Fund Revenue

The revenue is generated from the quarterly UI contributions and LEC paid by school employers participating in the SEF, penalties and interest assessed on school employers, interest income received from the Surplus Money Investment Fund , and prior year adjustments (for prior year adjustment definition refer to the Glossary, Appendix C).

The revenue collected from school employer UI contributions totaled $121.1 million in SFY 2009-10. This represents a decrease of $7.6 million (six percent), compared to $128.7 million in revenue collected during the prior SFY 2008-09. The LEC revenue collected from school employers totaled $13.5 million in SFY 2009-10, compared to $6.2 million in LEC revenue collected during the prior SFY 2008-09. This represents an increase of $7.3 million (118 percent) in LEC revenue collected in SFY 2009-10. The LEC revenue is based on benefits paid. The EDD saw a significant spike in the demand for UI benefits, an unprecedented expansion of the federal extension program, and our systems taxed as they've never been before. The increase in LEC revenue was due to 78 percent more employees collecting UI benefits.

The revenue received from penalty and interest charges assessed to the school employers totaled $165,257 during SFY 2009-10, an increase of $113,414 (219 percent) compared to $51,843 in penalty and interest earned in SFY 2008-09. The interest revenue from Surplus Money Investment Fund totaled $0.9 million in SFY 2009-10, compared to $3.8 million in interest in SFY 2008-09. This represents a decrease of $2.9 million (76 percent) in interest earnings during SFY 2009-10. The average Surplus Money Investment Fund apportionment yield during the SFY 2009-10 was 0.648 percent compared to 2.179 percent in the SFY 2008-09.

The SEF's total revenue was $135.5 million for SFY 2009-10. This is a decrease of $3.3 million (2.2 percent) compared to the total revenue of $138.8 million for the SFY 2008-09. The decrease in revenue is primarily due to the $2.9 million loss in Surplus Money Investment Fund interest. An additional factor that may have contributed to the reduced revenue include fewer school employees whose wages were no longer subject to UI contributions. The following chart displays the total SEF revenue collected during the past SFYs.

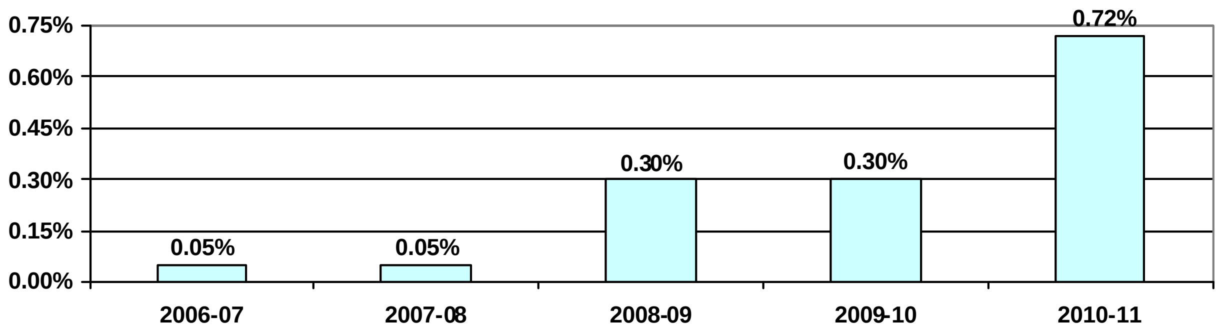


Unemployment Insurance Contribution Rates

The SEF UI contribution rate for school employers calculated at 0.72 percent for SFY 2010-11. The SEAC recommended setting the rate as calculated pursuant to the statutory formula. The EDD Director agreed with this recommendation, although the increase in the UI contribution rate set will not generate enough revenue to fully meet SEF's estimated benefit payment obligations for SFY 2010-11. The calculated rate is greater than the EDD Director's maximum rate adjustment allowed (up to 0.30%) by CUIC, Section 823(c). The SEF anticipates becoming solvent during the latter part of SFY 2011-12. The SEF will continue to reimburse California's UI Trust Fund as revenue becomes available on a weekly basis.

The SEF UI contribution rate is set yearly for the subsequent SFY July 1 through June 30. Each SEF participant is notified of the rate by March 31. For a definition regarding the calculation of the contribution rate, refer to the Glossary, Appendix C.

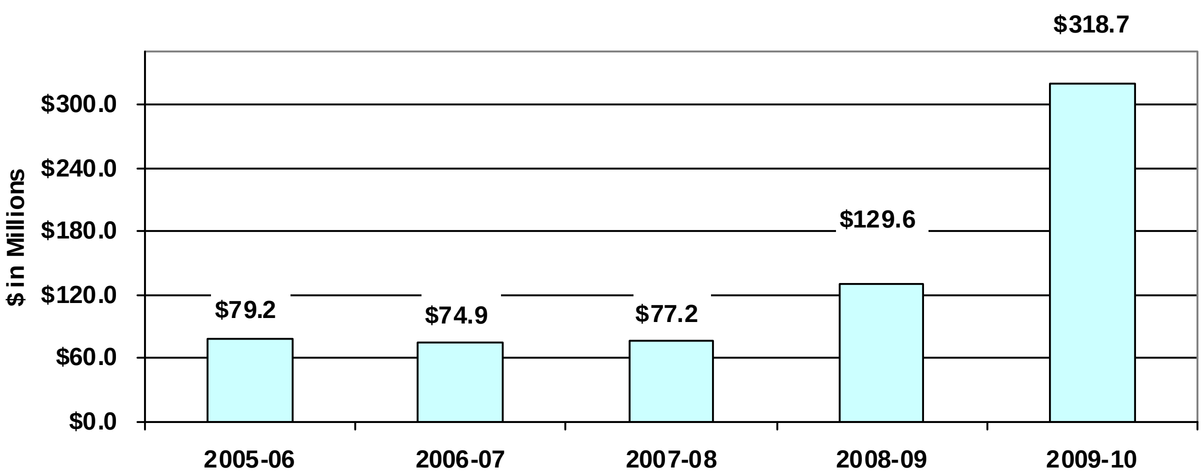
The following chart displays the contribution rates for five SFYs, 2006-07 through 2010-11.



Total Fund Disbursements

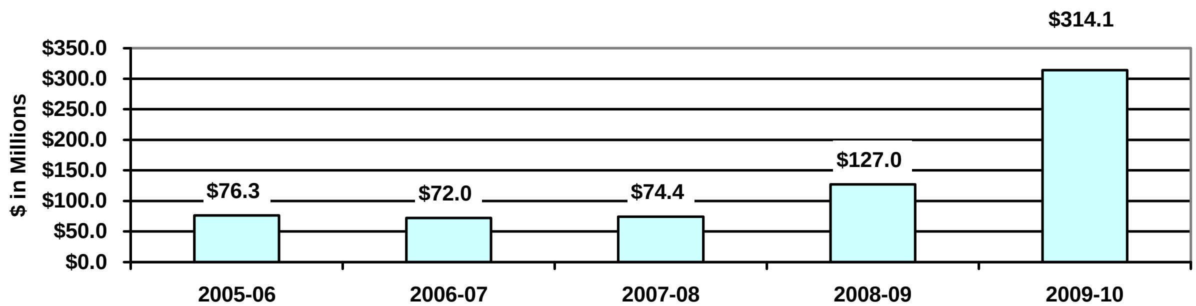
The SEF's total disbursements were $318.7 million during SFY 2009-10. This is an increase of $189.1 million (146 percent) compared to the total disbursements of $129.6 million made in SFY 2008-09. The disbursements include the repayment to California's UI Trust Fund for benefits paid to former school employees, administrative costs, claims management fees, and prior year adjustments. The increase in disbursements is attributed to a greater number of former school employees collecting UI benefits caused by the economic downturn which first began in early 2008 and has continued through the school year ending June 2010. Additionally, in February 2009, school employees were eligible for FED-ED benefits which increased costs for school employers because they had to pay 100 percent of these UI benefits.

The following chart displays the total disbursements for the prior five SFYs.



Total Benefits Paid

The total UI benefits paid to former school employees was $314.1 million during SFY 2009-10. This represents an increase in benefits paid of $187.1 million (147 percent) when compared to $127.0 million in SFY 2008-09. This increase is attributed to layoffs resulting in more school employees collecting benefits. In addition, school employees may have qualified for the FED-ED 20 week extension which is paid 100 percent by the school employers. The following chart displays the total UI benefits paid to former school employees during the past five SFYs.



Total Claimants Collecting Unemployment Insurance Benefits

The following table compares SEF claimants collecting UI benefits by quarter for the SFYs 2008-09 and 2009-10. The table also displays the percentage increase in the number of claimants collecting UI benefits by calendar quarter. In every calendar quarter, more former school employees were collecting UI benefits in SFY 2009-10 when compared to SFY 2008-09. It is estimated that there was a 78 percent increase in the number of former school employees collecting UI benefits in the SFY 2009-10 (includes the 2010 second calendar quarter estimates) when compared to the prior SFY.

CALENDAR QUARTERS (in fiscal year order)	SFY 2008-09	SFY 2009-10	Percent (%) Increase
Third Quarter July – September	40,676	78,063	91.9%
Fourth Quarter October – December	27,764	57,238	106.2%
First Quarter January – March	29,754	53,364	79.4%
Second Quarter April – June	34,103	47,000*	37.8%*

* Estimated Data

LEGISLATION

The school employer community closely monitors legislative bills which may impact the UI program with the possible enactment of new laws, provisions, and policies. During SFY 2009-10, the school employers focused on several key bills.

- On November 6, 2009, President Obama signed the "*Worker, Homeownership, and Business Assistance Act of 2009*" (House of Representatives Bill 3548, 111th Congress). This legislation amended the Supplemental Appropriation Act of 2008 to add more benefits to the second federal extension and created a new third and fourth federal extension. The legislation stated that these new extension benefits were only payable for week ending November 14, 2009 and after. Claimants who had a FED-ED extension filed with an effective date prior to November 22, 2009 continued to be paid these benefits until the claim no longer had money before filing additional extended benefits.

- On December 19, 2009, President Obama signed the "*Department of Defense Appropriations Act, 2010* "(House of Representatives Bill 3326, 111th Congress). This bill extended the effective date federal extensions could be filed including the FED-ED benefits.

- On March 2, 2010, President Obama signed the "*Temporary Extension Act of 2010*" (House of Representatives Bill 4691, 111th Congress), that extended the dates for the economic stimulus programs. This bill extended the effective date federal extensions could be filed including the FED-ED benefits.

- On April 15, 2010, President Obama signed the "*Continuing Extension Act of 2010*" (House of Representatives Bill 4851, 111th Congress). The legislation once again extended the filing deadlines for federal extensions. This bill changed the last date a new claim could be filed for the $25 stimulus payment from March 28, 2010 to May 23, 2010. It also extended the last day a FED-ED claim could be filed to June 6, 2010. Up to 99 weeks of total unemployment benefits remained the maximum available to unemployed workers in California.

To summarize, the FED-ED program is separate from the Emergency Unemployment Compensation program and they are governed by a different set of laws. The FED-ED program has a direct impact to school employers as, by law, school employers must bear 100 percent of the costs for benefits paid under this program. Benefits paid under the Emergency Unemployment Compensation program are funded entirely by the federal government for all employers as are the $25 stimulus payments. As a general rule, claimants cannot qualify for the FED-ED benefits until they have exhausted their regular UI benefits and exhausted benefits under the Emergency Unemployment Compensation program. As long as the FED-ED extension is in effect, it will continue to have an impact on the SEF since school employers must pay the costs for this extension if their former employees qualify for the FED-ED benefits.

RECOMMENDATION

For SFY 2010-11, the SEF UI contribution rate was calculated at 0.72 percent. After consultation with the SEAC, the EDD Director approved the recommendation and set the SEF UI contribution rate at the calculated amount of 0.72 percent. The new rate which is an increase from the SFY 2009-10 rate of 0.30 percent will not generate sufficient revenue to meet the estimated financial obligations for SFY 2010-11. The SEF anticipates becoming solvent during the latter part of SFY 2011-12. The SEF will continue to repay California’s UI Trust Fund for benefits paid to former school employees as revenue becomes available on a weekly basis.

QUESTIONS AND COMMENTS

Any questions, comments, or suggestions concerning the administration of the SEF should be directed to the SEF staff at (916) 653-5380.

APPENDIX A

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Statement 1

STATEMENT OF ACTIVITY
FISCAL YEAR 2009-10

ACCRUAL BASIS

Revenue		
Contributions	$120,960,080.55	
Local Experience Charge	$13,477,963.42	
Penalty And Interest	$165,257.41	
Other Revenue	$102.81	
Interest Income	$876,223.69	
Prior Year Adjustment*	$0.00	
Total Revenue		$135,479,627.88
Disbursements		
Benefit Charges Repaid To Unemployment Insurance Fund	$314,052,900.00	
SEF Administrative Cost	$614,436.49	
Claims Management Fees Paid	$1,895,258.00	
Prior Year Adjustment*	$83,099.19	
Prior Year Benefit Appropriation Adjustment	$2,051,308.47	
Total Disbursements		$318,697,002.15
Net Decrease In Fund		($183,217,374.27)

*Entry required at the end of the fiscal year for accrual of revenue and disbursement items.

Amounts Repaid to the Unemployment Insurance Fund

Quarters	Number of Claimants	Cost of Benefits
3rd Quarter 2009	78,063	$110,017,443
4th Quarter 2009	57,238	$86,729,246
1st Quarter 2010	53,364	$57,306,211
*2nd Quarter 2010**	*47,000*	*$60,000,000*
		$314,052,900

** Estimated Data*

Statement 2

STATEMENT OF RECEIPTS
AND DISBURSEMENTS
SEPTEMBER 1972 THROUGH JUNE 2010

Revenue		
Contributions	$1,549,993,443.30	
Local Experience Charge	$98,355,375.69	
Penalty And Interest	$1,493,969.68	
Interest Income	$117,310,313.83	
Total Revenue		$1,767,153,102.50
Disbursements		
Benefit Charges Repaid To UI Fund	$1,598,376,202.09	
Local Assistance Special Pro-Rata	$343,794.00	
Accrued Penalty And Interest	$2,007,962.97	
Court Ordered Interest Payments	$1,764.27	
SEF Administrative Costs	$18,966,988.36	
Fund Transfer*	$98,800,000.00	
Claims Management Fees	$50,723,168.00	
Total Disbursements		$1,769,219,879.69
Net Fund Balance		($2,066,777.19)

*Transferred to General Fund through Budget Acts of 1986 and 1988.

The Statement of Receipts and Disbursements is prepared on the accrual basis. As of June 30, 2010, outstanding liabilities for local assistance (benefits) totaled $60 million.

	Accrued Disbursements
Second Quarter of 2010 Estimated Benefit Charges for year-end closing.	$60,000,000.00

Statement 3

COMPARATIVE STATEMENT OF FUND CONDITION
FOR THREE FISCAL YEARS ENDING JUNE 30, 2010
ACCRUAL BASIS ($ in thousands)

	2007-08		2008-09		2009-10	
Beginning Fund Balance		$213,601		$171,962		**$181,150**
Revenue						
Contribution	$21,566		$128,739		$120,960	
Local Experience Charge	$4,550		$6,206		$13,478	
Penalty And Interest	$70		$52		$165	
Interest	$8,901		$3,799		$876	
Prior Year Adjustment	$483		$27		$0	
Total Revenue		$35,570		$138,823		**$135,479**
Disbursements						
Benefit Charges Repaid	$74,439		$127,033		$314,053	
Pro-Rata	$0		$0		$0	
SEF Administrative Cost	$692		$562		$614	
Claims Management Fees	$1,941		$1,938		$1,895	
Prior Year Adjustments	$137		$102		$83	
Prior Year Benefit Appropriation Adjustment	$0		$0		$2,051	
Total Disbursements		$77,209		$129,635		**$318,696**
Ending Fund Balance *		$171,962		$181,150		**($2,067)**

* Components may not add up to totals, due to rounding.

APPENDIX B

SCHOOL EMPLOYER ADVISORY COMMITTEE

SCHOOL EMPLOYER ADVISORY COMMITTEE

Members	Representing
MR. WILLIAM (BILL) DALRYMPLE, Chair 505 Greenwich Lane Modesto, CA 95350 (209) 529-3931 FAX: (209) 529-3931 E-Mail: thedalrymples@hotmail.com	Chancellor of the California Community Colleges (CCCC)
DR. HAROLD L. BORING, Vice-Chair 5280 Avondale Way Riverside, CA 92506 1-800-608-2272 ACSA Ontario Office (951) 784-4496 FAX: (951) 784-4058 E-Mail: dr5323@sbcglobal.net	Association of California School Administrators (ACSA) ACSA Ontario Office 3602 Inland Blvd. Suite. A-230 Ontario, CA 91784
MS. ZANDRA BLACK Department of Education Fiscal Consultant 1430 N Street, Suite 3800 Sacramento, CA 95814 (916) 324-4547 FAX: (916) 327-6157qw E-Mail: zblack@cde.ca.gov	State Superintendent of Public Instruction (SSPI)
MS. SONDRA DOUGHERTY, Representative Orange County Department of Education P.O. Box 9050 Costa Mesa, CA 92628-9050 (714) 966-4253 FAX: (714) 662-3570 E-Mail: sdougherty@ocde.us	California Association of School Business Officials (CASBO)
MR. FRANK OGAZ 12616 Maryvine Street El Monte, CA 91732 FAX: (626) 443-0524 E-Mail: fogaz@sbcglobal.net	California School Boards Association (CSBA)

APPENDIX C

GLOSSARY

GLOSSARY

Benefits: The UI compensation payable to a former school employee, with respect to his or her unemployment, under the unemployment compensation law of any state or federal government.

Benefit Charges: The UI benefit charges reflected in the financial statements are the UI benefits paid during the period of July 1 through June 30 that is repaid to the UI Trust Fund. All benefit charges paid from the SEF are considered a disbursement (expense).

Contribution: Each fund participant files documents and pays quarterly contributions which are deposited into the SEF as required by the CUIC, Section 821. The quarterly amount owed is calculated by multiplying the total wages times the contribution rate which is set for the SFY (see Contribution Rate definition below). The contributions paid by the fund participants are considered revenue and are deposited in the SEF to reimburse the UI Trust Fund for UI benefits paid to former school employees.

Contribution Rate: The contribution rate is calculated annually for the SFY July 1 through June 30. The contribution rate is the same for all fund participants. As required by the CUIC, Section 823(b)(1), all fund participants are notified by March 31 of the set contribution rate for the succeeding fiscal year.

Experience: A SEF participant must be in the fund for more than three full SFYs to increase his or her reserve account in the SEF, so that in the fourth SFY, the LEC rate is calculated based on the experience of the school employer's relative usage of the UI fund (UI benefit charges). All fund participants are notified by March 31 of their contribution rate and LEC rate as required by the CUIC, Section 832.

Fund Participants: This term is used to refer to the school employers who have elected to participate in the SEF to finance their UI taxes.

Interest Income: Interest is deposited into the SEF quarterly, based on the SEF balance with the State Controller's Office times the rate set by the Surplus Money Investment Fund.

Local Assistance Pro Rata: The Local Assistance Pro Rata is charged by the Department of Finance. Pro Rata is the recovery of central service administrative costs from special and non-governmental cost funds. The State of California provides certain services (central administrative agencies), such as accounting, computing, payroll services, banking, etc., to operating agencies (departments) on a centralized basis. Pro Rata is a process that identifies these central service administrative costs and assigns them to benefited activities (functions) on a reasonable and consistent basis.

Local Experience Charge (LEC): As mandated in the CUIC, Section 828, each school employer in the SEF shall be responsible for a quarterly LEC based on their LEC rate. The LEC is *in addition* to the quarterly contributions paid by the fund participants. The participants individual LEC amount due is calculated by multiplying the employer's quarterly UI benefit charges times the fund participants LEC rate. The LEC payment is due to the EDD 30 days after the mail date of the form, Employer Account Statement (DE 2176).

Local Experience Charge (LEC) Rate: The LEC rate is calculated annually for a SFY July 1 through June 30. The LEC percentage is varied for each fund participant as listed below:

- 15 percent (ratio = negative < 1.00),
- 10 percent (ratio = 1.00 < 2.00),
- 5 percent (ratio = 2.00 < 3.00), or
- 0 percent (ratio = 3.00 or more).

The LEC ratio is calculated by the fund participants ending cumulative balance divided by the UI benefit charges. All fund participants are notified by March 31 of their individual LEC rates for the succeeding fiscal year as required by the CUIC, Section 828. The CUIC, Section 828 mandates that new SEF participants are subject to a 10 percent LEC rate for the first three complete fiscal years.

Penalty and Interest: Penalty and interest are assessed to fund participants by the administrator of the SEF for delinquent payments and/or forms and errors. Interest is calculated daily until paid. The funds collected for penalty and interest are deposited in the SEF and are considered revenue.

Prior Year Adjustment: The Prior Year Adjustment is an entry to the account at the end of the fiscal year for financial statement preparation purposes required for accrual of revenue and expense items. The Prior Year Adjustment is any revenue collected or disbursement made in the current SFY and tied to a prior period other than the current SFY.

School Employees Fund (SEF) Administrative Costs: The SEF Administrative Costs are the cost of resources and tools necessary to effectively operate the SEF program.

Surplus Money Investment Fund: Interest on investments of the Surplus Money Investment Fund is apportioned to other funds quarterly by the State Controller's Office per the Government Code Section 16475. The administering agency for the funds receiving interest will receive the State Controller's Office Notice of Transfer posting the interest in the month following the end of the quarter. Agencies will account for the interest as revenue or operating revenue in the applicable funds.