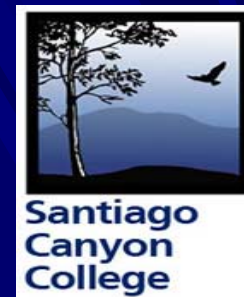




**RANCHO SANTIAGO**

COMMUNITY COLLEGE DISTRICT



RSCCD – District Office  
Budget Forum

2011-2012

Governor's Proposed Budget

April 11, 2011

## Defined State Budget Gap

- Budget shortfall - \$25.4 billion
- Reserves - \$1 billion
- Total state budget gap - \$26.4 billion
- Over 18 months – January 2011 through June 2012
  - Does not include loss of state federal revenues due to federal tax extensions - \$2.7 billion
  - Assumes the sale of state buildings - \$1 billion
    - Sale now cancelled by Governor

# Closing State Budget Gap Plan A

- Expenditure Reductions - \$12.5 billion
- Revenue Solutions - \$12 billion
  - Extend current temporary tax rates for additional 5 years
  - Necessitate June Special Election ballot for voter approval
- One time accounting shifts - \$1.9 billion
- Total Solutions - \$26.4 billion

# Latest state budget information

- SB69 Budget Bill passed, not signed
  - \$11.2 billion in “cuts”
    - \$8.2 billion in actual cuts
    - \$2.6 billion in one time borrowing and transfers
    - \$300 million in new revenue
- Still needs \$12.6 billion revenue portion (tax extensions) to balance budget
- Additional solutions of \$2.8 billion needed to balance state budget in addition to the tax extension proposal

# Latest state budget information

- No agreement on tax extension Special Election in June
  - 2/3 legislative approval not yet achieved
  - June election date no longer an option
  - Governor may propose November ballot initiative to raise taxes
  - Governor may extend taxes with 2/3 vote of legislature
- SB70 trailer bill – passed and signed into law
  - Includes education cuts effective July 1, 2011

# Community Colleges

- SB70 trailer bill includes
  - \$400 million apportionment workload measures reduction (negative growth)
    - RSCCD = \$10 million reduction
    - Approximately 6% negative growth
  - Student fee increase – fall semester 2011
    - From \$26 per unit to \$36 per unit
  - \$110 million statewide fee increase will partially offset workload reduction
    - RSCCD = \$2.9 million offset
- Combined SB70 RSCCD reduced state funding = \$7.1 million

# SB70 – trailer bill

- Additional state apportionment deferrals
  - Defers additional \$129 million inter-year funding deferral
    - RSCCD – approximately \$3.2 million not received until October 2012
  - Total Community Colleges inter-year deferrals
    - \$961 million
    - RSCCD = \$25 million
  - Total CC intra-year deferrals = \$300 million
    - RSCCD = \$7.5 million
  - Total CC combined deferrals = \$1.3 billion
- Major Cash Flow Issue!

# Governor's Budget Proposal

- The Governor's Budget Proposal (Plan A) is built on the expectation that the voters will approve approximately \$12 billion in revenue solutions
  - Tax extensions for 5 years
- Therefore, the current reduced budgets (SB70) for the community colleges is the best case scenario
- If tax extension revenues are not approved then Governor has said that additional cuts will befall education (including community colleges)
  - Plan B



# Three possible state budget scenarios

- Plan A - Already approved by legislature
  - AB70 trailer bill
  - RSCCD = \$7.1 million loss
- Plan B - Prop 98 minimum funding
  - RSCCD = \$12.4 million loss
- Plan C - “all cuts state budget”
  - Suspension of Prop 98
  - RSCCD = \$19.6 million loss

# 2011-2012 RSCCD Tentative Budget

## ■ Plan A – SB70

– RSCCD budget shortfall = \$8,066,462

■ Need \$500,000 in further cuts

## ■ Plan B – Prop 98 minimum

– RSCCD budget shortfall = \$11,840,462

■ Need \$4.4 million in further cuts

## ■ Plan C – “all cuts budget”

– RSCCD budget shortfall = \$20,566,462

■ Need \$13 million in further cuts