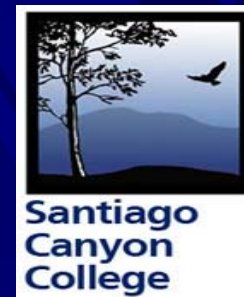




**RANCHO SANTIAGO**

COMMUNITY COLLEGE DISTRICT



# 2010-2011 and 2011-2012 Budget Update

Board of Trustees Meeting  
May 10, 2011

# Latest state budget information

- May Revise
  - To be released May 16<sup>th</sup>
- Governor has repeatedly threatened an all-cuts budget
  - Unlikely, legislative leadership has stated they cannot provide majority votes for passage of all-cuts budget
- All-cuts budget is slowly becoming less of an option

# Latest state budget information

- More likely, a more realistic Plan B will be presented at May Revise
  - Partially acknowledges some increased tax revenues
    - Governor and DOF downplaying increased tax revenue collections
  - May Revise proposal will still require voter approval
  - May or may not suspend Prop 98
  - Acknowledge that state costs have increased thereby increasing budget deficit

# Latest state budget information

- Tax collections are up approximately \$2.5 billion for 2010-2011 fiscal year
  - Helps offset 2010-2011 state budget shortfall
- How much will this help the 2011-2012 budget?
  - \$2.5 billion?
  - \$5 billion?
  - Or more?
- Good or bad?

# Latest state budget information

- More state tax revenues currently presents a problem
  - More difficult for Legislature/Governor to extend/raise taxes
  - More difficult for Legislature/Governor to place ballot measure in September/November
    - Governor's promise to have voters decide
- Even with more tax revenues state still has large budget imbalance
  - Possibly extend only certain taxes

# Proposition 98

- If more state revenues are included in May Revise
  - Proposition 98 minimum funding guarantee increases proportionately
    - Unless Prop 98 suspended again in 2011-2012
    - Current year increase in taxes will not be shared with Prop 98
      - Prop 98 is currently suspended

# Voter approval?

- Legislative leaders do not want to go to the voters for tax extensions/tax increases
  - Contrary to Governor's promise
  - Still negotiating for 2/3 Legislative approval
    - "Deal" may be announced in June
- Governor's campaign promise has become a sticking point in budget negotiations

# Additional State Costs

- Less savings from state collective bargaining agreements
- Less savings from legally challenged cost reduction solutions
- Redevelopment Agencies abolishment savings now appears unlikely
- Enterprise Zone abolishment savings now appears unlikely



# What's next?

- Governor/Legislature currently considering several options
  - Approve state budget with 2/3 votes to extend taxes prior to June 30 with ballot initiative
    - Ask voters to “ratify” in September/November ballot
    - No discussion on what happens if voters don’t “ratify” as suggested by polls
  - Approve state budget with 2/3 votes to extend taxes prior to June 30 without ballot initiative
    - “Deal” with 2/3 legislative approval

# What's next?

- Somewhere between Plan A and Plan B
  - Plan A is now law
  - Plan B could be partially offset by additional tax revenues
    - However, most likely offset by additional costs and lost opportunities (RDA, EZ, sale of state buildings and collective bargaining savings)
- Possible September or November Special Election
- State Budget in June or in September/October?

# RSCCD - What's next?

- Plan A = loss of \$7.1 million in state apportionment revenue
  - SB70 – as of July 1, 2011
  - Already including in Tentative Budget
- Plan B = loss of \$12.4 million in state apportionment revenue
  - Need to identify approximately \$5 million in reductions/solutions

# RSCCD - What's next?

- Preparation of the 2011-2012 Tentative Budget
  - Tentative Budget Assumptions presented for Board approval at next meeting
  - Tentative Budget is a “placeholder” budget
    - Authority at July 1 to continue operations
- Tentative Budget approval at June 20 Board meeting

# RSCCD - What's next?

- Wait for State Budget
  - June/July or September/October?
- Approve Tentative Budget in June
- Include enacted State Budget in Adopted Budget in September
- Numbers will change from Tentative to Adopted based on actual reductions in enacted State Budget