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