2010-2011 and 2011-2012 Budget Update

Board of Trustees Meeting
March 28, 2011
Latest state budget information

- SB69 Budget Bill passed, not signed
  - Needs $12.6 billion revenue portion to balance
  - $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

- Additional solutions of $2.8 billion needed to balance state budget in addition to the tax extension proposal
Latest state budget information

- Still no agreement on tax extension
- Special Election in June
  - 2/3 legislative approval not yet achieved
  - June 7th election date no longer an option
  - June 14th election date new target

- SB70 trailer bill – passed and signed
  - Includes education cuts
Community Colleges

- SB70 trailer bill includes
  - $400 million apportionment workload measures reduction (negative growth)
    - RSCCD = approximately $10 million reduction
    - Revenue transferred to K-12 under Prop 98
  - 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
Community Colleges

- Combined reduction of $290 million statewide
  - RSCCD = approximately $7.1 million reduction
- Additional $129 million deferral statewide
  - RSCCD – additional $3 million cash deferral
  - RSCCD - total inter-year apportionment cash deferrals now $25 million
- Categorical Programs – current flexibility provisions extended
What’s next?

- **Still hope for a June Special Election**
  - Options now June 14th or June 21st

- **Possible November signature-driven tax initiative special election**
  - Short timeline to gather needed signatures

- **Governor threatens to approve all cuts budget now**
  - By approving the November initiative, voters can reinstate cuts caused by the all cuts budget
Plan B

Now multiple Plan B’s

- $26 billion “all cuts” budget
  - Based on LAO recommendations
- November ballot initiative to extend taxes
  - Updated polls show less than majority support by likely voters
- Continued stalemate until state runs out of cash
  - Further threatens state credit ratings
  - Increased costs of borrowing
  - Governor has said this is not an option