2011-2012
Budget Update

Board of Trustees Meeting
November 14, 2011
Latest

- LAO State Fiscal Outlook report due out this week
  - First half of trigger language estimates
- State Controller’s October revenue report released last week
  - Year to date collections short $1.5 billion in revenues compared to State Budget Act estimates
    - DOF reported today a $1.3 billion shortfall
  - Also, state has $1.7 billion more in expenses year to date than budgeted
  - Concern with state cash flow due to lower collections
Latest

- Current year (2011-12) overall state budget shortfall now estimated at $4+ billion
- Rumors are that 2012-13 state budget deficit estimated at least $10 to 12 billion
  - $4 billion from 2011-12 year
  - $6 to 8 billion additional in 2012-13
- Department of Finance (DOF) will project their estimates of current fiscal year by December 15th
- Triggers are based on the higher of the two projections (LAO and DOF)
Triggers

Automatic as of January 1, 2012
- Per state budget act
- Must decide by December 15, 2011

“chatter” in Sacramento is that Legislature does not want triggers implemented
- Too onerous on K-12
- Wants to open budget discussions
- Governor has said no
  - Wall Street credit rating pressures

Most likely “kick the can” into 2012-13 budget process
- Triggers become first cuts in new budget discussions

More K-14 apportionment deferrals predicted in current fiscal year due to state cash shortage

Governor wants tax initiative in November 2012
State Budget Update
Mid-Year Triggers

**Trigger 0**
- at least $3 of the $4 billion of additional revenue materializes
  - no additional funding cuts

**Trigger 1**
- between $2 and $3 billion of additional revenue materializes
  - $30 million apportionment cut to community colleges
  - increase in fees of $10, from $36/unit to $46/unit (July 1, 2012)
  - RSCCD – additional $900k mid-year funding cut

**Trigger 2**
- between $0 and $2 billion of additional revenue materializes
  - Trigger 1 cut and fee increase
  - **PLUS** a $72 million additional apportionment cut
  - RSCCD – additional $2 million mid-year funding cut

Currently, state is $1.5 billion short of any of the additional $4 billion subject to triggers
Scheduled Budget Forums

- CEC – November 15 – 3:30 to 5:00 p.m.
- SAC – November 16 – 3:00 to 4:30 p.m.
- DO – November 28 – 2:30 to 4:00 p.m.
- OEC – November 29 – 2:30 to 4:00 p.m.
- SCC – December 6 – 2:00 to 3:30 p.m.