2012-2013 Budget Update

Board of Trustees Meeting
November 13, 2012
State Budget Update

Proposition 30 passed by voters on the November 6th election!!!

Education avoids major mid-year Trigger cuts!!!
State Budget Update

- State Budget was approved by Legislature on Friday June 15, 2012
- Assumed November 6, 2012 tax measure would pass
  - Additional taxes were included in state budget act
- RSCCD 2012-2013 Adopted Budget
  - Also assumed November tax measure would pass
State Budget Update

- Education Protection Account (EPA) formed with passage of Prop 30 for the duration of temporary tax increases
- Prop 98 share of new taxes under Prop 30 will be deposited into EPA Account
- Funds restricted under EPA
  - No administrative salaries
  - No administrative costs
  - Separate annual audit
  - Public hearings on use of funds
- Regulations TBD
- Districts won’t know how much in EPA until June 20th
State Budget Update

- Prop 30 to provide $209 million more for community colleges
  - $159 million – partial deferral buy down
    - RSCCD = approximately $5 million of $25 million current deferrals
    - Partially buys down state IOU’s
    - No new money for spending
  - $50 million – growth/restoration
    - RSCCD = approximately $1 million
    - Approximately 0.89% restoration of funded FTES
- No COLA (cost of living allowance)
  - Fifth year in a row
RSCCD Budget Impact

Opportunity to earn 0.89% restoration for funded FTES

- Campuses are currently approximately 2.5% over funded FTES base
- Therefore, 0.89% restoration funds have already been earned
  - No need to spend more to achieve the funds
RSCCD Budget Impact

- RSCCD 2012-2013 Adopted Budget deficit spends by approximately $7 million
- Restoration funds will reduce deficit spending to approximately $6 million in the current fiscal year
  - Without additional offsetting costs
2012-2013 Budget Concerns

- EPA a Restricted or Unrestricted Program?
  - 50% Law implications
- Are EPA revenue expectations overstated?
  - 25% estimate - RSCCD = $5.3 million loss
  - 10% estimate - RSCCD = $2.1 million loss
  - We won’t know until June 20th
- Property tax shortfalls?
  - Will RDA additional funds materialize?
    - Will State have the funds to backfill?
  - Assessed Valuation (AV) overstated?
  - Negative ERAF?
- Student fee shortfalls?
  - Statewide vs. district