



**RANCHO SANTIAGO**

COMMUNITY COLLEGE DISTRICT



# 2010-2011 Budget Update

Board of Trustees Meeting  
November 15, 2010

# Outline of presentation

1. Update on State Budget Act
  - Approved October 8, 2010
  - Chancellor's Office Budget Workshop
2. LAO – California's Fiscal Outlook
  - Released November 10, 2010
3. What's next?

Update on  
State Budget Act

# State Budget Act

- State Chancellor's Office Budget Workshop
  - Workshop held at Chaffey College Center
  - November 3, 2010
  - “Blue Book”
    - Financial information detail for each community college district
- Budget Act and 25 trailer bills to define State Budget Act

## State Budget Act

- Addressed a \$19.2 billion budget gap
  - Budget cuts - \$7.8 billion
  - Federal funds expected - \$5.4 billion
  - Delayed tax breaks - \$1.2 billion
  - Sale of state buildings - \$900 million
  - Borrowing and account shifts - \$2.7 billion
- Suspends Prop 98 K-14 funding guarantee for one year
- Governor vetoed almost \$1 billion to increase size of “rainy day” fund

# State Budget

## What's included for community colleges

- No student fee increase
  - Remains at \$26 per unit
- No Cost of Living Allowance (COLA)
- Enrollment growth – 2.21%
  - To partially restore 3.39% workload measures reduction (negative growth) in 2009-2010 budget act
  - RSCCD - \$3,080,184 growth funding

# State Budget Act

## ■ State Categorical Programs

- Funding essentially remains the same as last year's reduced levels
- No ARRA funding backfill provided for this year
- Flexibility continues

## ■ Mandated costs funding

- One time – unrestricted revenue
- Partially offset prior years' accumulated debt
- Per FTES funding - \$17.78 per FTES – P2
- RSCCD - \$539,075

# State Budget Governor's Vetoes for community colleges

- \$35 million backfill of last year's one time ARRA funds to partially restore cuts to state categorical programs
  - Approximately \$940,000 for RSCCD
  - Vetoed
- \$25 million for Economic Workforce Development
  - Competitive grants
  - Vetoed



# State apportionment deferrals

- Additional \$129 million deferral of state apportionment income from spring 2011 to July 2011 (new fiscal year) on top of prior deferrals
  - Statewide deferrals now total \$832 million
- RSCCD total inter-year deferrals now approximately \$20.3 million (23.5%)
  - Approximately \$7.5 million intra-year
- This cash deferral is approximately equal to the 2.21% enrollment growth funding in budget
  - State is using next year's revenue to fund this year's enrollment growth

# LAO – California's Fiscal Outlook

# Legislative Analyst's Report

- The 2011-12 Budget: California's Fiscal Outlook
  - Mac Taylor – Legislative Analyst
  - <http://www.lao.ca.gov>
- California budget problem for 2010-2011 and 2011-2012 forecasted at \$25.4 billion
  - \$6.1 billion shortfall in 2010-2011
    - Additional \$3 billion shortfall possible
  - \$19 billion shortfall in 2011-2012
- Ongoing budget shortfalls of \$20 billion each year through 2015-2016

# Legislative Analyst's Report

- LAO advises multi-year approach to fixing the state budget
  - Not possible to solve in one year
  - Requires “real” budget solutions
- Requires more revenues
- Requires “permanent, real and ongoing expenditure reductions”
  - \$10 billion permanent in 2011-2012
  - \$15 billion temporary in 2011-2012

# Legislative Analyst's Report

- State cash flow needs are a big concern
  - Reliance on external borrowing
  - State funding deferrals necessary
    - Primarily K-14 education
  - State may need more of both
  - Mid year budget solution needed to avert cash flow shortfall in spring

# Legislative Analyst's Report

- Proposition 98 K-14 minimum funding guarantee forecasted to drop by \$2 billion in 2011-2012
  - Approximately \$5–6 million reduction for RSCCD
  - Unless legislature suspends Prop 98 for further reductions
  - LAO advises that K-14 Prop 98 funding levels are already too low

What's next?

# What's next?

- Governor Schwarzenegger announced he will call a special session of the legislature to begin on December 6, 2010 to address the budget shortfall
  - Governor-elect Brown supports the calling for the special session
- However, legislature may wait until January to negotiate with Governor Brown
- Also, legislature will most likely wait until Governor Brown's January Budget Proposal is presented
  - January 10, 2011



# What's next?

- State Chancellor's Office advises of increased probability of cuts in the current fiscal year (2010-2011) and the 2011-2012 budget year
- State Chancellor's Office advises districts to prepare for mid-year funding reductions:
  - Not to expect 2.21% enrollment growth funding to remain funded for 2010-2011
    - Take back by state since funded out of 2011-2012
    - RSCCD – However, adopted budget did not include any enrollment growth funds

# What's next?

- Mid-year Prop 98 funding reductions could be even worse
  - Prop 98 minimum funding guarantee expected to drop lower in current year
- A “mid-year” budget solution may not be finalized until March 2011 or longer
  - Not in the middle of the year
  - Funding reductions at June 30, 2011

# What's next?

- Continue to monitor any changes to state funding that would affect RSCCD in the current fiscal year
  - Property tax collection
  - Student fee collections
  - Overall apportionment deficit
- Expect at least a \$2 billion reduction to Prop 98 K-14 funding in 2011-2012
  - Approximately \$6 million for RSCCD