STATE BUDGET 2012-13

State Center Community College District
Board of Trustees Meeting
February 7, 2012
Governor’s 2012-13 State Budget Assumptions

- $9.2B Shortfall
- $6.9B in Increased Revenues
- $4.2B in Reductions to Programs/Services
- $1.1B Reserve Fund
- Tax Initiative Proposal Passes
- Potential Trigger Cuts in January 2013 if Tax Initiative Fails
Years of deep reductions have reduced deficit:
Governor’s Tax Proposal

Governor plans to collect signatures for an initiative to temporarily increase taxes:

- On the November 6, 2012 ballot
- Simple majority required
- Raises sales tax by 0.5% from January 1, 2013 through December 31, 2016
- Raises personal income taxes on individuals > $250,000 from 2012 through 2016 tax years
Community College Scenarios

PASS ✓

Scenario A
- $218 million "deferral buy-back"
- $12.5 million mandates block grant

FAIL ✗

Scenario B
- $264 million base cut, workload reduction of 5.56%
- no Scenario A augmentations

Categorical Consolidation Both Scenarios
$411.6 million
Deferral “Buyback”

2011-12
Community College Apportionment Deferrals

- $136.5 million
- $76.5 million
- $158 million
- $103 million
- $221.5 million
- $129 million (new)

spread Jan-June

Total inter-year deferrals $961 million

Jan Feb Mar Apr May Jun July Aug Sep Oct Nov Dec
$100 million $200 million

Total intra-year deferrals: $300 million

Community College League of CA 2011-01-11

2012-13 Proposed
Community College Apportionment Deferrals

- $121.9 million
- $68.3 million
- $141.4 million
- $92.0 million
- $197.8 million

Jan Feb Mar Apr May Jun July Aug Sep Oct Nov Dec
$100 million $200 million

Total intra-year deferrals: $300 million

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Total inter-year deferrals $743 million
Categorical Flexibility

- Basic Skills
- Student Financial Aid Admin
- EOPS
- CalWorks
- Matriculation
- Academic Senate
- Equal Employment Opportunity
- Part-time Faculty Health Insurance
- Part-time Faculty Compensation
- Part-time Faculty Office Hours
- Fund for Student Success
- Economic Development
- Transfer Education and Articulation
- Child Care Tax Bailout
- Nursing
- Disabled Students
- Foster Care Education
- Telecommunications and Technology

15 categorical programs would be made flexible, to be used for any categorical or “student service” purpose.

3 categorical programs would be restricted to current use.
Budget Risks

- Tax measure is political, uncertain, and costly.
- Tax measure may not yield full $6.9B (LAO estimates only $4.8B).
- Planning will be difficult. Workload reduction of 5.56% will be decided in November.
- Student fee shortfall with more BOG waivers.
- Property tax shortfall, particularly in light of redevelopment projections/uncertainty.