



2012-13 State Budget

Overview Webinar

*California Community Colleges Chancellor's Office
Community College League of California*



AGENDA

1:00pm – 1:30pm - Webinar Presentation

1:30pm – 2:30pm - Questions & Answers

PARTICIPANTS

Jack Scott, Chancellor, California Community Colleges

Dan Troy, Vice Chancellor, California Community Colleges

Scott Lay, President/CEO, Community College League of CA

Theresa Tena, Dir., Fiscal Policy, Community College League of CA



Housekeeping Items:

Call will be recorded & available at CCC Confer later this afternoon. PDF will be on League website and sent out during presentation

ALL PARTICIPANTS WILL BE SILENCED TO REDUCE BACKGROUND NOISE.

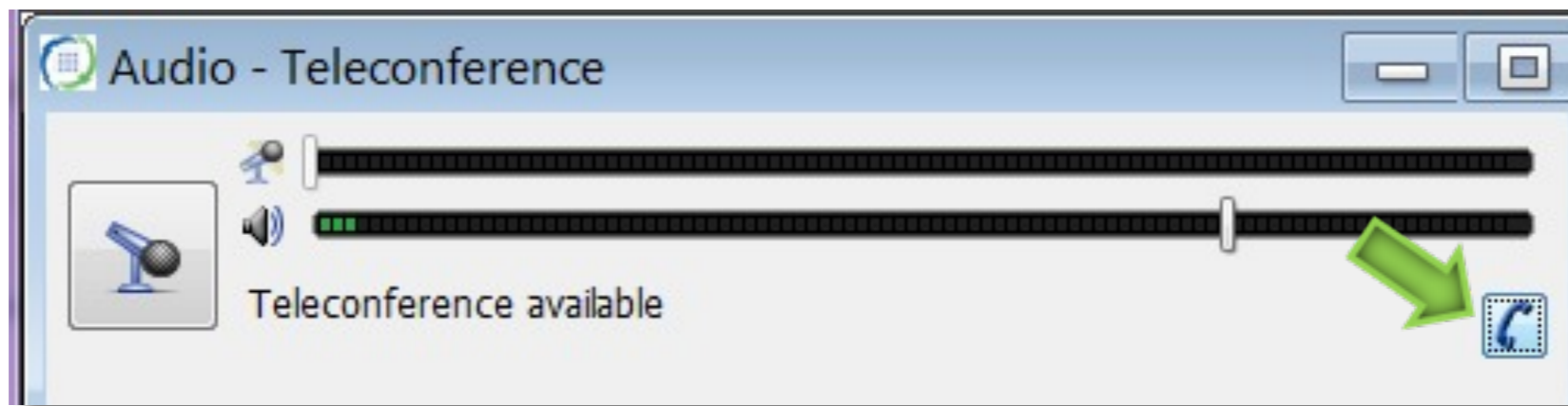
Questions may be submitted via WEB CHAT ONLY. Individual submitting the question and the question will be stated during the call.



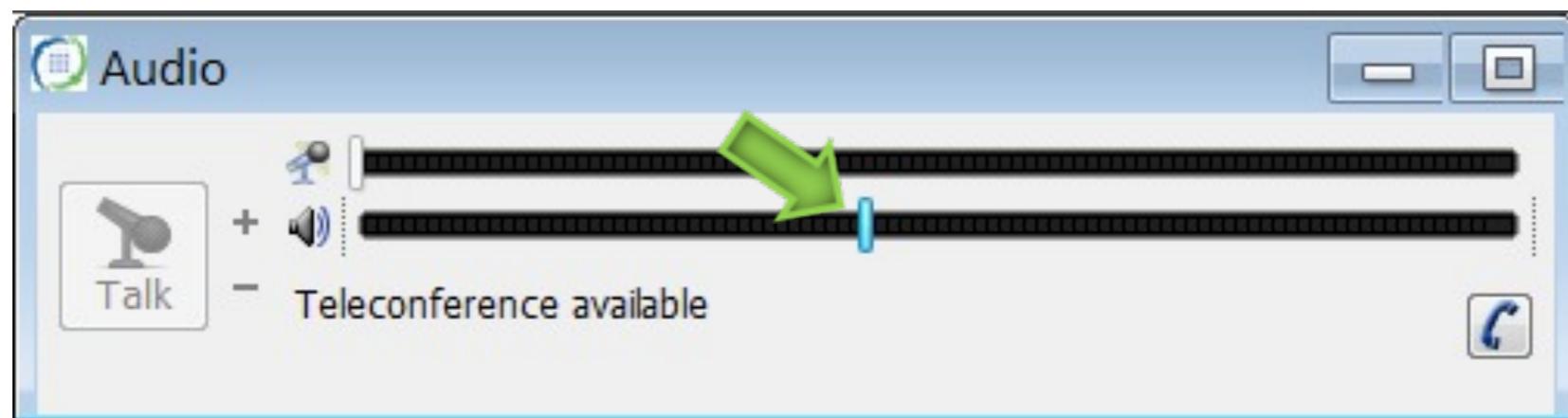
Audio Listening



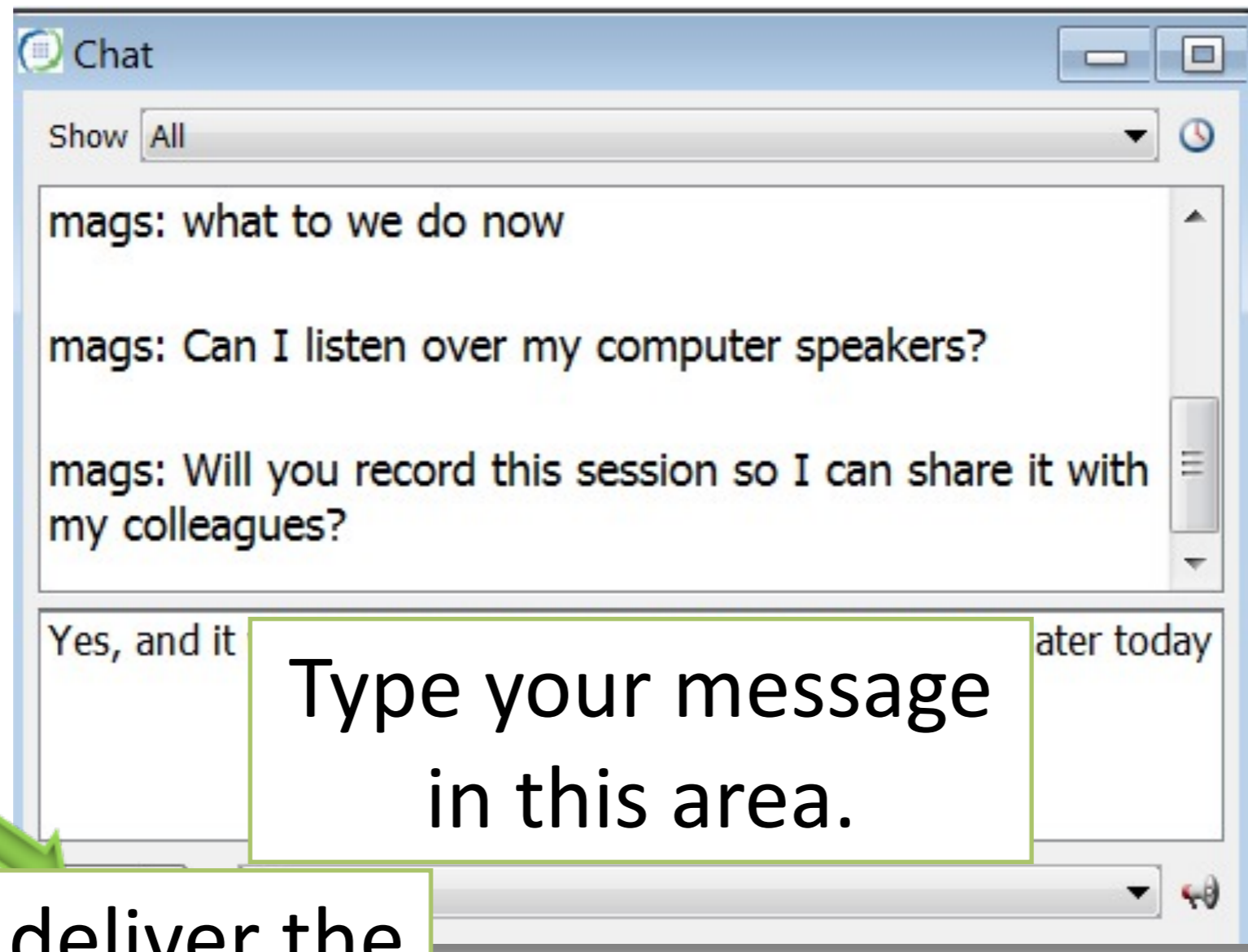
If you are listening over the telephone, click the telephone handset.



If you are listening over your computer, adjust the volume with the sliders.



Send Text Chat Messages

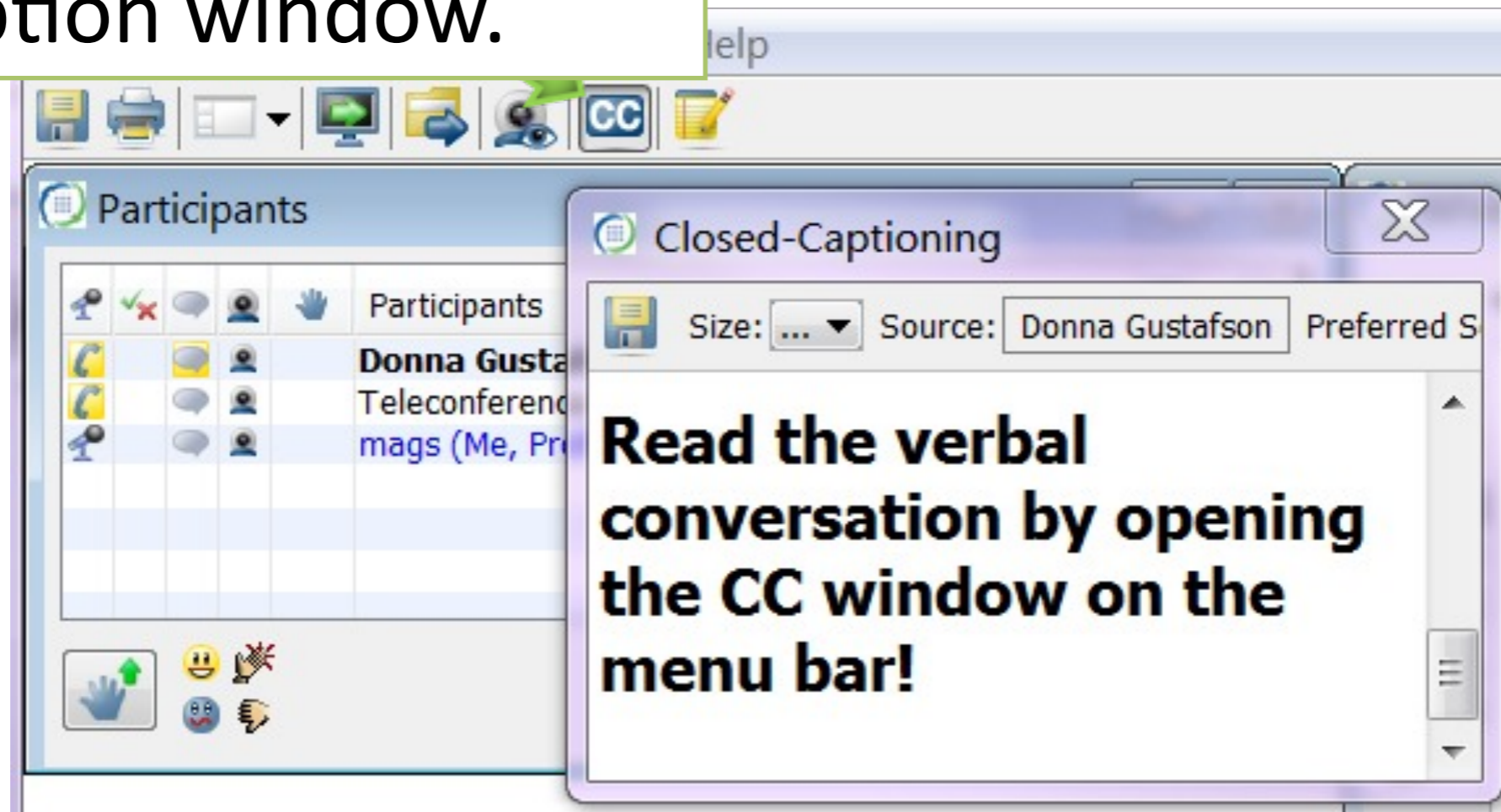


Click send to deliver the message.



View Closed Captions

Click to open the Closed Caption window.



2011-12 Budget

At budget enactment:

- \$400 million ongoing general fund cut
- fee increase to \$36 per unit effective fall

January mid-year actions:

- Additional cuts totaling \$102 million
- Fee increase to \$46, effective summer

Effective ongoing cut of \$385 million



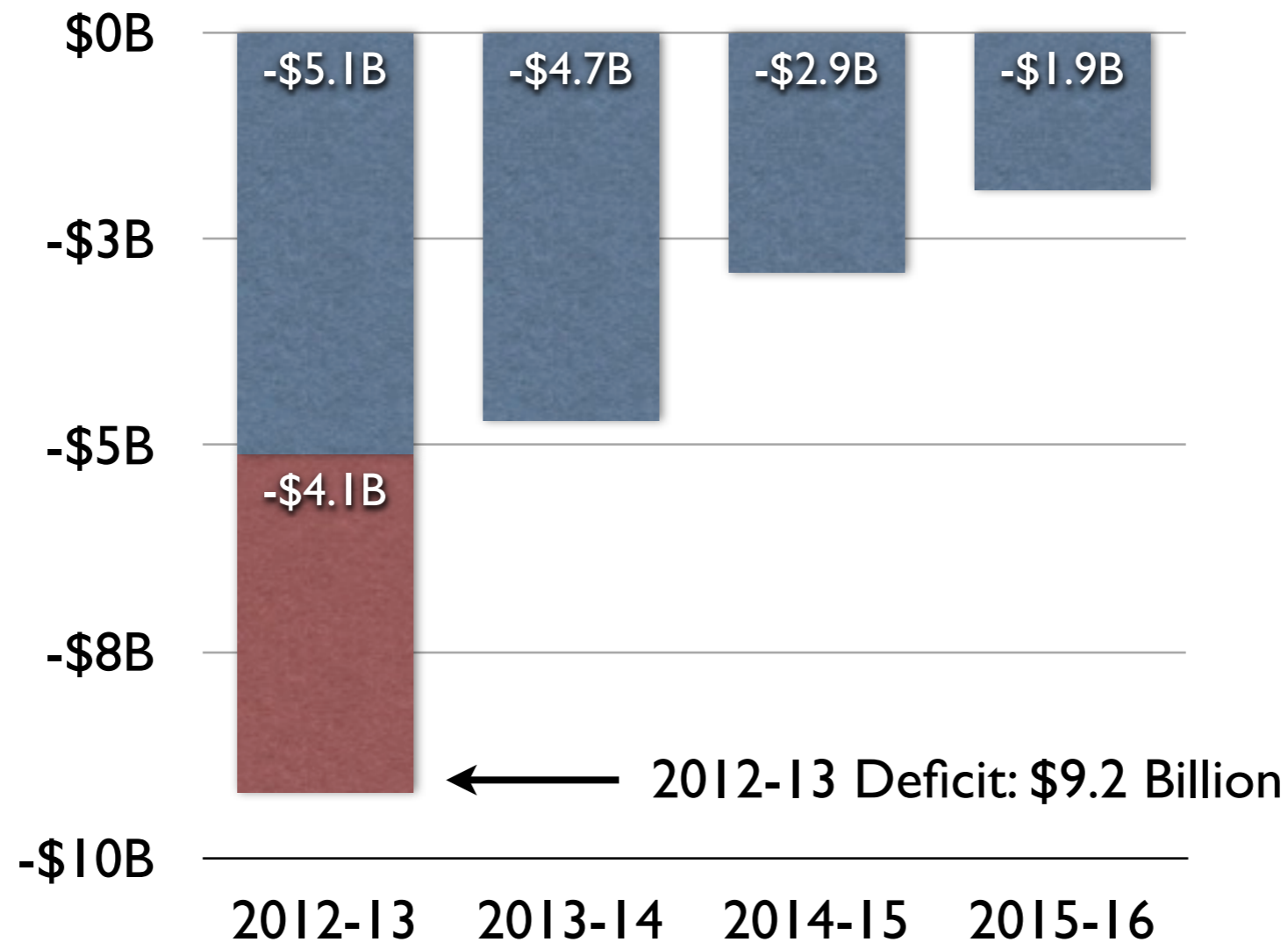
2011-12 Threats

- More students applying for Board of Governors fee waivers, leading to lower fee revenues
- Governor proposes cutting \$146.9 million in general fund apportionments, with expected increased property taxes from the end of redevelopment.

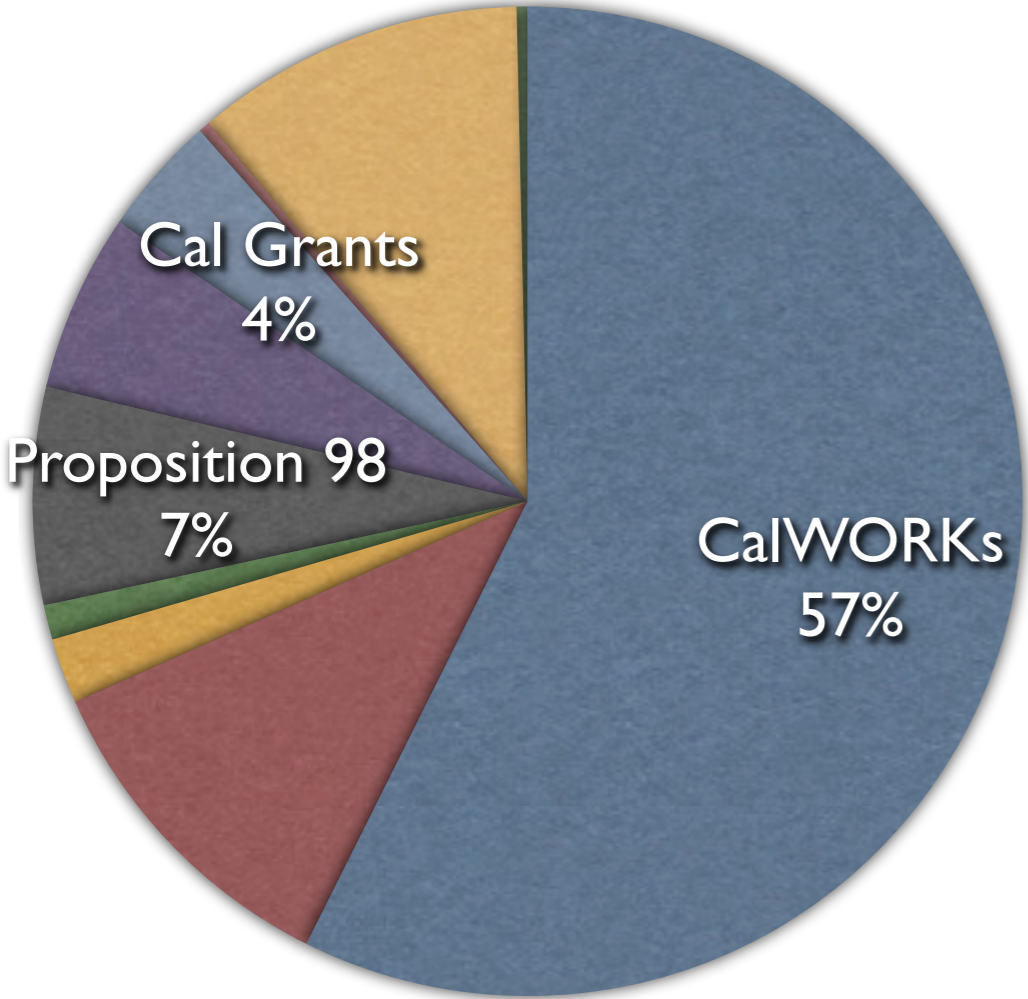


2012-13 State Budget

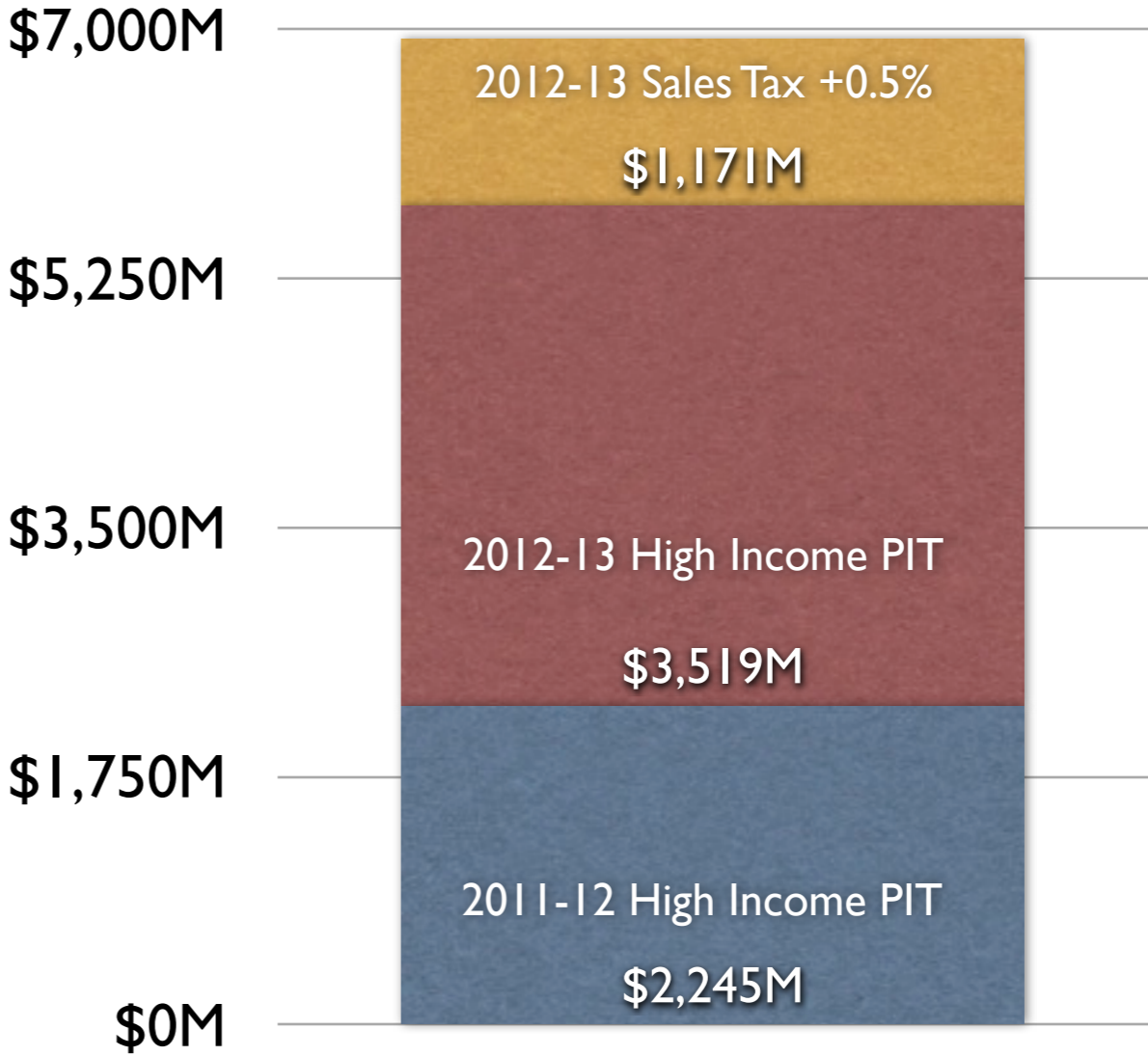
Years of deep cuts have reduced deficit:



2012: Governor's Solutions



\$4.2 billion in cuts



\$6.9 billion in revenues



Governor's Tax Proposal

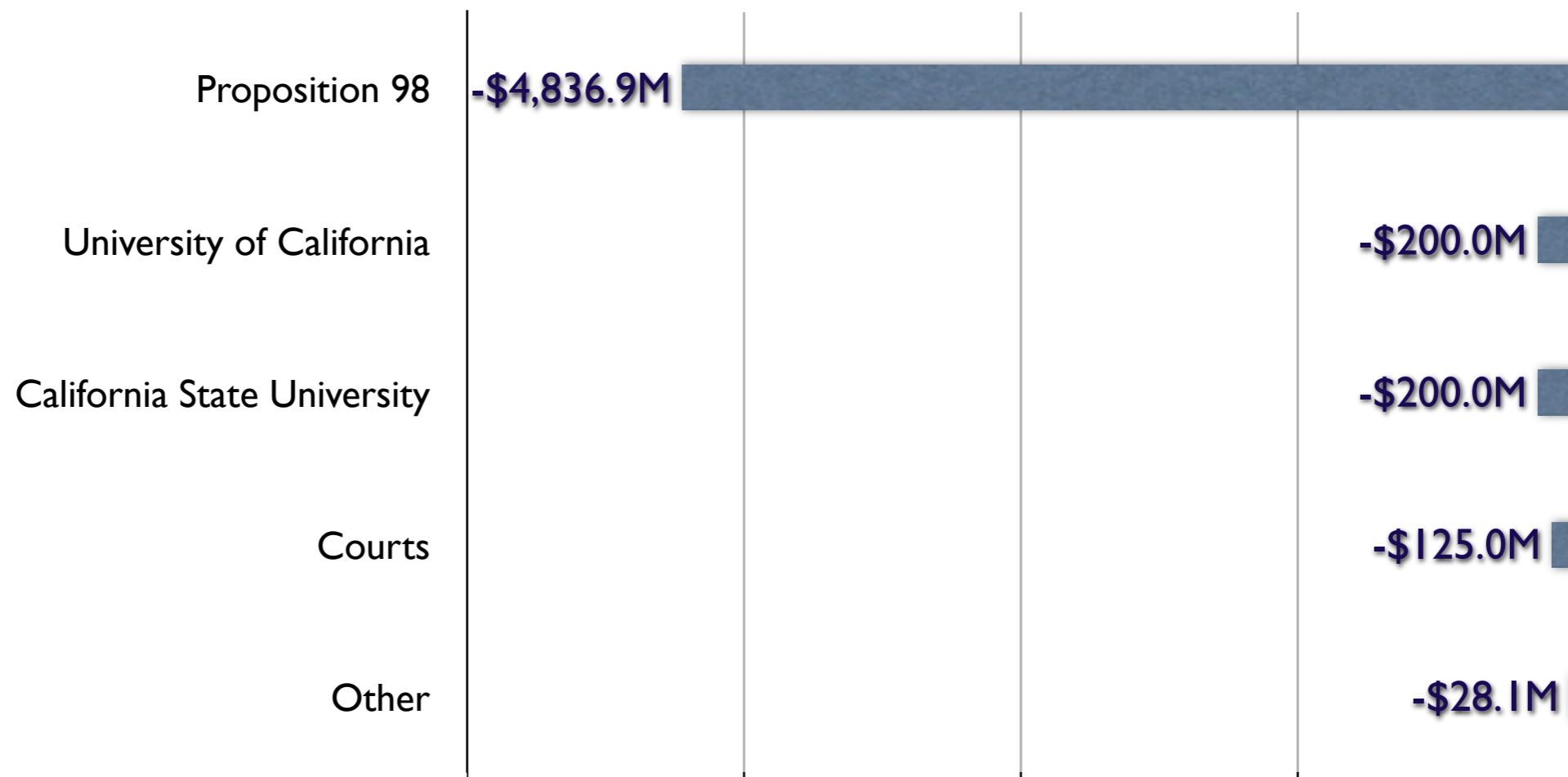
Governor plans to collect signatures for an initiative to temporarily increase taxes:

- 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

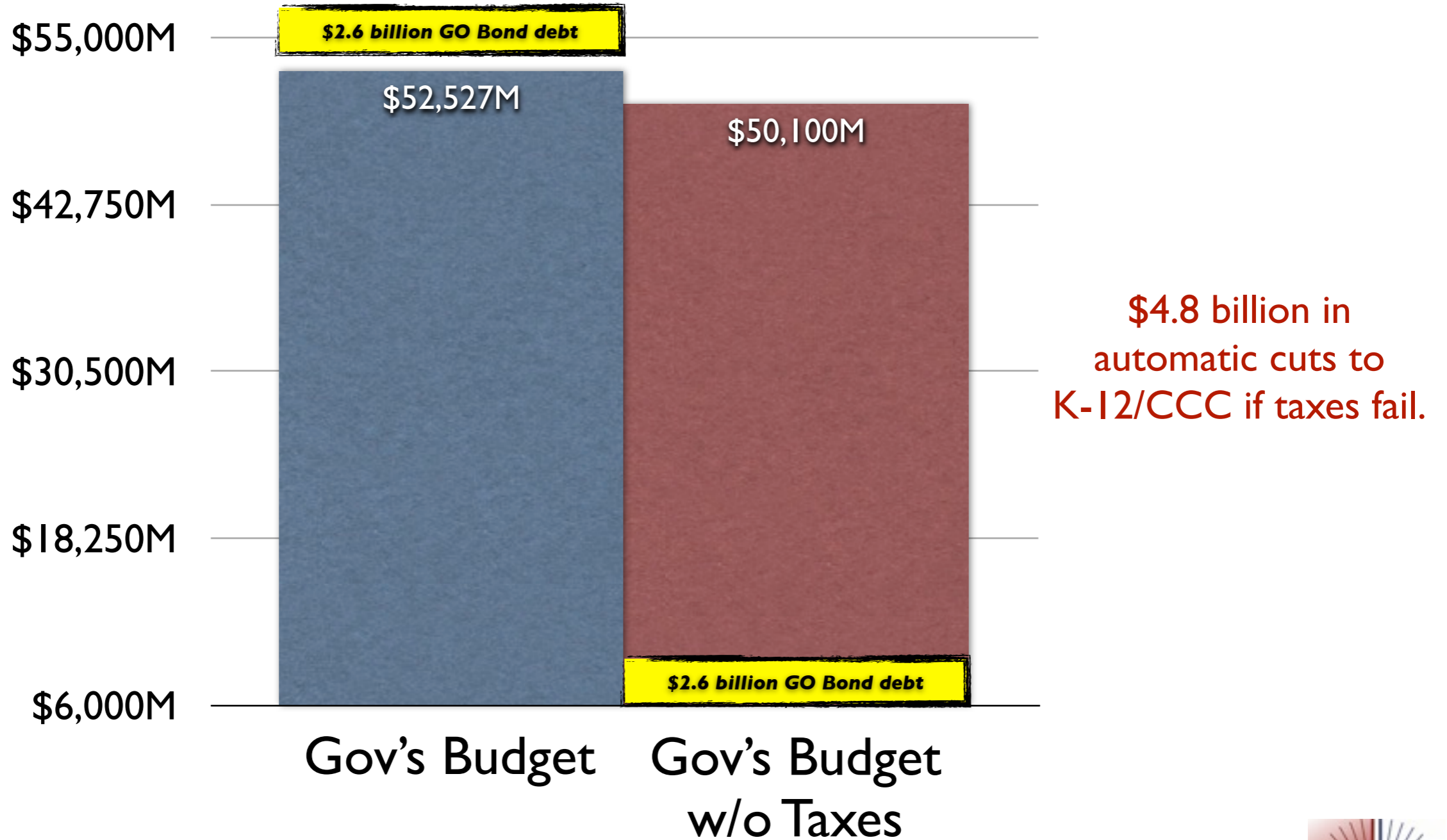


The New Budget Triggers

If the revenue targets associated with the governor's tax plan are not met, triggered cuts would be made:



Proposition 98



Community College Scenarios

Scenario A

- ◆ \$218 million “deferral buy-back”
- ◆ \$12.5 million mandates block grant

Scenario B

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

Categorical Consolidation Both Scenarios
\$411.6 million

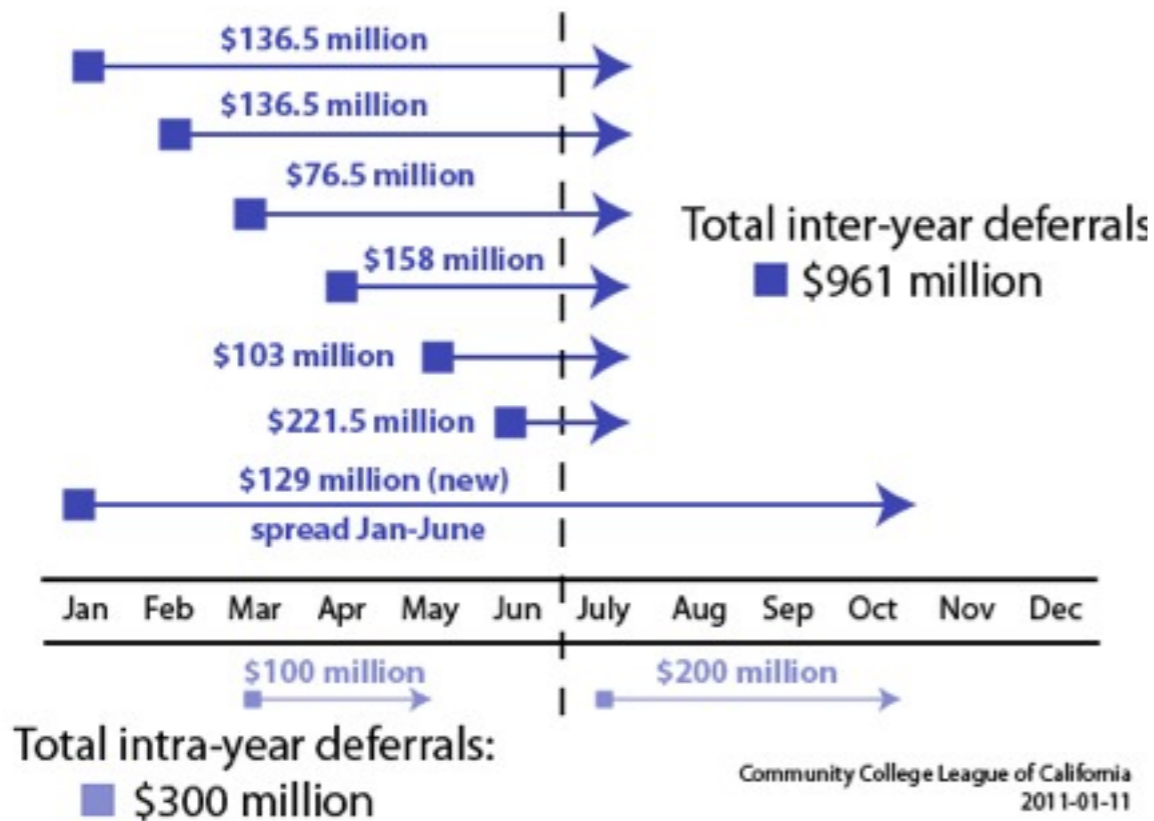


Deferral “Buyback”

Maneuver “spends money,” “reducing debt,” without a program benefit.

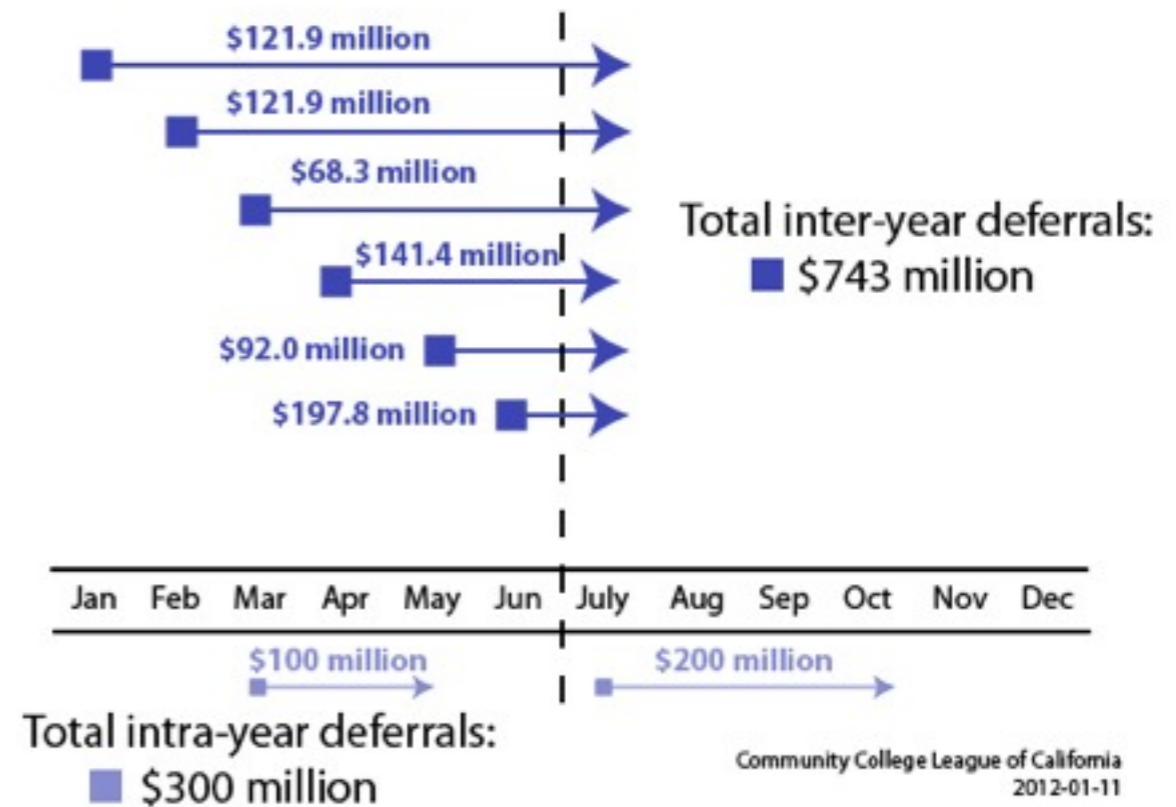
2011-12

Community College Apportionment Deferrals



2012-13 Proposed

Community College Apportionment Deferrals



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



Preliminary Thoughts

- We agree with the governor's call for new revenue.
- The manipulation of Prop. 98 by adding general obligation bond service may be unconstitutional and is a sleight-of-hand cut to schools/CCC.
- While paying down debt/deferrals is good politics, it must be weighed with better policy of restoring access and addressing inflationary costs (2007-08 was last COLA).
- Categorical flexibility may be politically, programmatically and legally difficult.



Budget Risks

- Tax measure is politically uncertain and costly.
- Tax measure may not yield full \$6.9B
(LAO suggests perhaps 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.



The Budget Timeline

- Jan - May: Legislative hearings
- End of Jan: LAO to release their budget analysis
- March 1: DOF requests early legislative action on selected items – including CCC redevelopment offset
- May 14: Governor releases May Revise
update revenues, caseload and policy proposals
- June 15: Constitutional deadline for Legislature to send budget to governor
- November 6: General Election
- January 1, 2013: trigger reductions take effect if revenue targets are not met



Simulations Available Today

www.ccleague.org/budget/

The screenshot shows a web browser window titled "District Budget Impact" with the URL <http://www.ccleague.net/district-budget-impact/>. The page features a header with a dome image and the text "BUDGET ADVOCACY ACTION CENTER" and "Community College League of California". A navigation bar includes links for HOME, DISTRICT BUDGET IMPACT, SAMPLE RESOLUTION, TALKING POINTS, RESOURCES, EVENTS, and CONTACT. Social media buttons for Recommend (401 people), 27 Tweets, and Sign-up for updates are present. The main content area is titled "District Budget Impact" and includes a pink box with text: "These scenarios are provided to assist districts generally with budget planning. Several factors will change the final impact on each district." Below this, a dropdown menu shows "Chabot-Las Positas" selected, with a "Statewide" link. The main heading is "Budget Simulation: Chabot-Las Positas CCD" with a "printable version" link. The section "Underlying Assumptions" begins with the text: "The reduction simulations assume a dollar reduction in each of credit, noncredit and CDCP FTES in a proportional manner across the district's offerings. Because noncredit and CDCP are funded at a lower rate, the percentage of FTES reduced is greater. Similar to 2011-12, each district would likely be". A right sidebar contains a search box, "BUDGET RESOLUTION" with a link to "District-Adopted Budget Resolutions", and "GET INVOLVED" with links for CalChannel, Call Your Legislators, Find Your Legislators, Lost Students Diplomas, Stay Informed, and Talking Points.



Questions

Please submit questions via the CCC Confer web interface.

- Follow-up:
 - Chancellor's Office:
 - Media: pfeist@cccco.edu/916.327.5353
 - Technical: dtroy@cccco.edu
 - The League: budget@ccleague.org
 - Twitter:
 - @cccbudgetnews - Dan Troy, Chancellor's Office budget news
 - @ccleague - Scott & Theresa, League budget-related news
 - Web:
 - www.ccleague.org/budget
 - www.cccco.edu, Divisions->Finance->Fiscal Services->Budget
- League Annual Legislative Conference - January 29-30 in Sacramento
www.ccleague.org/legconf/

