



California Community Colleges

2011-12 Budget Update

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Community Colleges Budget

- » **\$400 million base cut to apportionments**
- » **Student fee increases from \$26 to \$36, to total \$110 million**
- » **Net \$290 million workload reduction**



Community Colleges Budget

» New \$129 million payment deferral

- > \$961 million total deferrals**
- > Represents more than 20% of General Fund dollars**

» No COLA

- > Last COLA was 2007-08**
- > Cumulative lost COLA totals 10.88%**



Budget Triggers And Potential Mid-Year Cuts

Tier 1:

- » **Community College reduction of \$30 million plus another \$10 per unit fee increase, to \$46**

Tier 2:

- » **Community College reduction of an additional \$72 million**



To Pull The Trigger

- » **By December 15, Director of Finance shall forecast General Fund revenues for 2011-12.**
- » **Director compares DOF forecast to Legislative Analyst's November forecast.**
- » **The higher forecast of the two is used to determine if the triggers will be pulled.**



General Fund Revenue Impact

- » **If at least \$3 billion of the \$4 billion in assumed revenue materializes, no triggers are pulled.**
- » **If the revenue comes in between \$2 billion and \$3 billion, Tier 1 cuts go into effect.**
- » **If less than \$2 billion in assumed revenue materializes, Tier 2 cuts go into effect.**



Economic Threats to the State

- » Economic forecasts made before enactment of the budget have been adjusted downward:
 - UCLA now forecasts 2012 growth at 3.6%, down from 5.3% earlier.
 - U.S. GDP was revised downward for the first half of the year.

- » Unemployment rose in each of the last 4 months, from 11.7% to 12.1%; the state lost 8,400 jobs in August.

- » DOF reports that revenue received through the end of September is \$654 million below forecast.



Legal Threats to Budget

- » **California School Boards Association** **\$2.1 billion**
- » **California Redevelopment Association** **\$1.7 billion**
- » **League of California Cities (vehicle tax)** **\$130 million**
- » **Medi-Cal providers opposing Federal waiver** **\$1.3 billion**



Any Good News?

- » **UCLA Anderson's September forecast says that no recession is expected.**
- » **DOF reports that private sector job growth in California surpassed the growth in most of its competitor states.**
- » **California outpaced national employment gains in some of the highest-paying industries, especially in the information sector, where employment grew by 5.4 percent from September 2010 to June 2011.**

