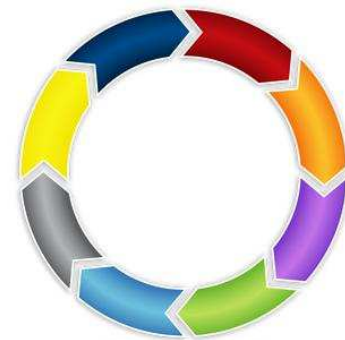


State Budget Cycle



Learning Outcomes from this Presentation

- Know the major milestones in the process
- Understand the differences among the budgets presented at the three phases
- Be aware of the multi-year cycle and the challenges it presents



DISCLAIMER!

- This presentation has way too many dates and words in it
- We will not go through all the information in the slides
- The overly-detailed information is in the presentation for the cohort's future reference

“Normal” State Budget Cycle - Overview

- January – Governor proposes budget
- May – Governor issues revised budget based upon “The May Revise”
- After May the real action starts
- Due to two factors, there is actually a signed budget by June 30th – a major change



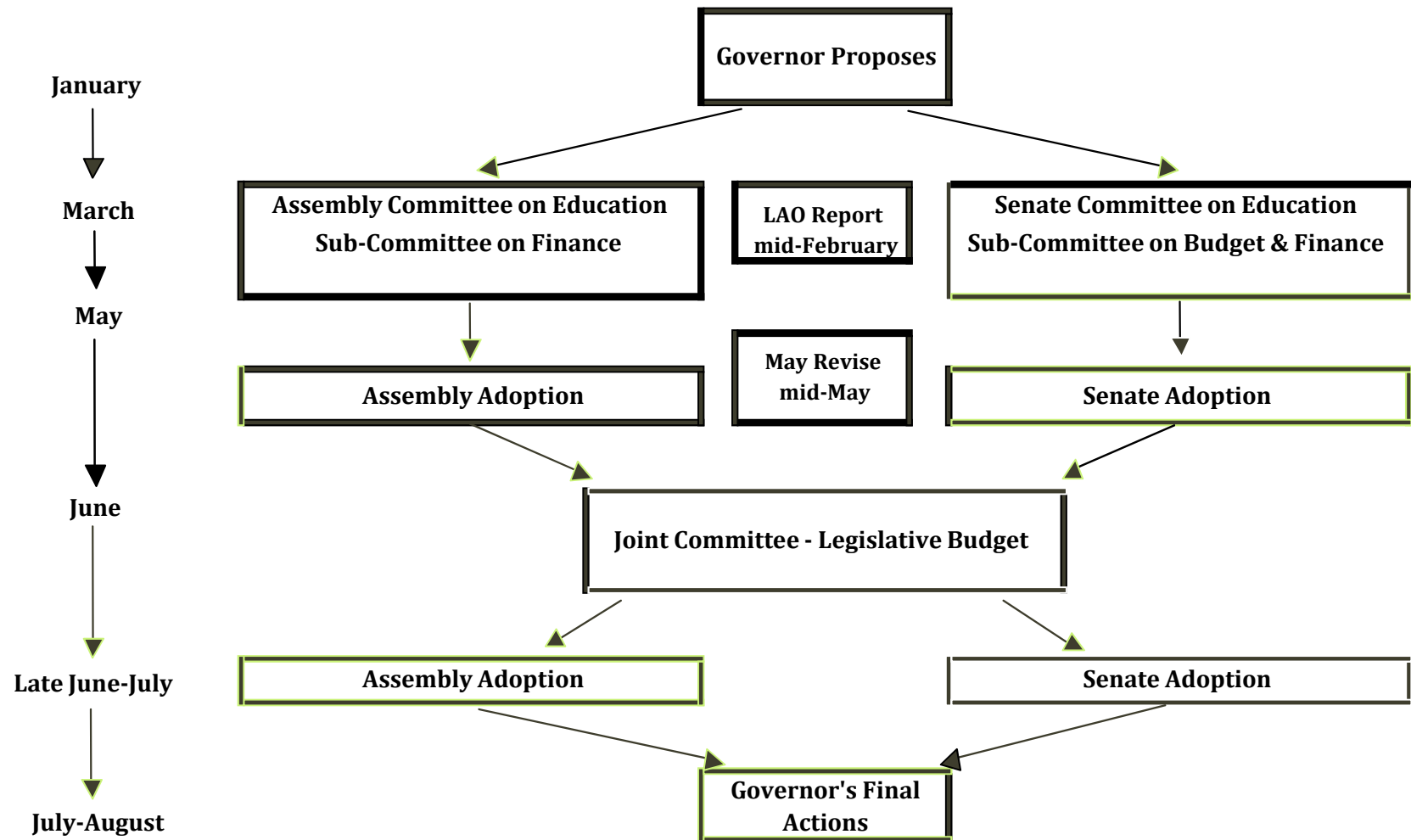
Why is There an On-Time Budget?

- A simple majority is required to pass a budget (until recently it took 2/3 vote)
- Both house have Democratic party majorities
- Legislators do not get paid until there is a signed budget, and there are not retroactive payments

The next slide illustrates the traditional budget cycle



State Budget Cycle



State Budget Cycle

- The bad old days
 - 2008-2009 budget approved in September
 - Two weeks later billions out of balance
 - 2008-2009 budget adjusted and 2009-2010 budget approved on February 20, 2009
 - One month later both billions out of balance
- The new world
 - Budgets passed on time
 - Few, if any, Republican votes



Key Dates in a District's Budget Cycle – 2018-19 FY

- Jan., 2017 - Budgeting Begins
- June, 2017 – District **Tentative Budget**
- July, 2017 – Fiscal year 2017-18 begins
- Sept., 2017 – District **Adoption Budget**
- Dec., 2017 – Deadline for submission of 2016-17 audit
- June 30, 2018 – 17-18 Fiscal year ends

Typical District Budget Timeline

- The Next Slide Illustrates the Budget Cycle for a Typical California Community College District
- We will discuss the budget cycle within a community college district in a future presentation



Budget Calendar

January

**Board of Trustees
Budget Assumptions**

February

**Budget Allocation Committee
(Ongoing through the year)**

District Budget Allocation

March 15 (Sends to)

Business & Fiscal Services

Mountain

Beach

DO

April 10 (Return to)

Business & Fiscal Services

June 25

**Board of Trustees
Tentative Budget**

July 10

Mountain

Beach

DO

August 1

Proposed Budget

September 10

**Board of Trustees
Adopted Budget**

September to June

**Board of Trustees
Ongoing transfers**

The Multi-Year Timeline

- Simplified Timeline for 2017-18 Fiscal Year
 - Jan., 2017, budgeting begins
 - June, 2017, District's Tentative Budget
 - July, 2017, Advanced Apportionment (AD)
 - Sept., 2017, District's Adopted Budget
 - Oct., 2017, Revised AD
 - Feb., 2017, 1st Principle Apportionment, P-1
 - June, 2018, 2nd Principle Apportionment, P-2
 - June, 2018, Fiscal Year ends
 - Feb, 2019, 1st Revised Apportionment, R-1
 - ???, 2019, 2nd Revised Apportionment, R-2

Challenge of the Multi-Year Timeline

- From the beginning of the budgeting cycle to the issue of R-1 is 2 years
- There can be R-2, R-3.....
- So, the district does not know its actual revenue until at least 2 years after the budgeting process and scheduling of classes begins
- Result?

“THE NUMBERS ARE ALWAYS CHANGING!”

Learning Outcomes from this Presentation - *Review*

- Know the major milestones in the process
- Understand the differences among the budgets presented at the three phases
- Be aware of the multi-year cycle and the challenges it presents



How About Your Students?

- Given the huge uncertainty of your district's income when you prepare the Tentative Budget before June does it seem prudent to very conservatively project income and pessimistically project expenses?
- Can you think of some of the negative impacts on students of that strategy?



THE END