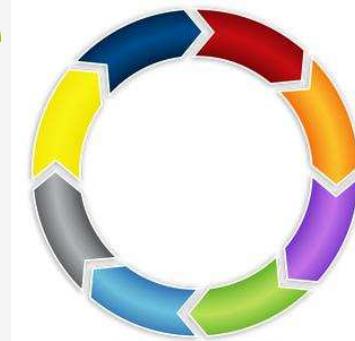


# State Budget Cycle



# 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 30<sup>th</sup> – a major change



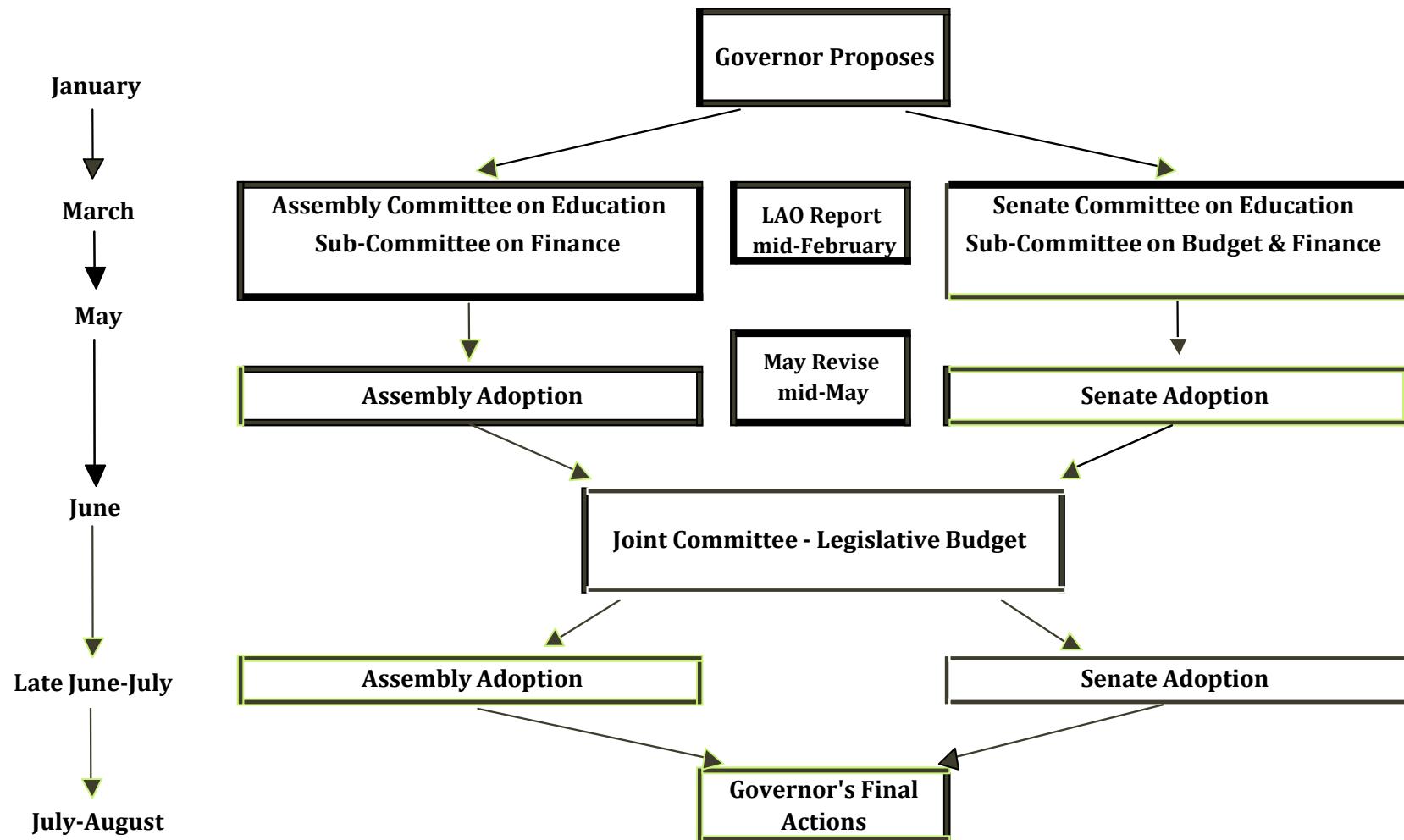
# Why is There an On-Time Budget?

- 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

Business & Fiscal Services

April 10 (Return to)

Board of Trustees  
Tentative Budget

June 25

Mountain

Beach

DO

Proposed Budget

July 10

Board of Trustees  
Adopted Budget

August 1

Board of Trustees  
Ongoing transfers

September 10

September to June

# 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, 1<sup>st</sup> Principle Apportionment, P-1
  - June, 2018, 2<sup>nd</sup> Principle Apportionment, P-2
  - June, 2018, Fiscal Year ends
  - Feb, 2019, 1<sup>st</sup> Revised Apportionment, R-1
  - ???, 2019, 2<sup>nd</sup> 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!”**

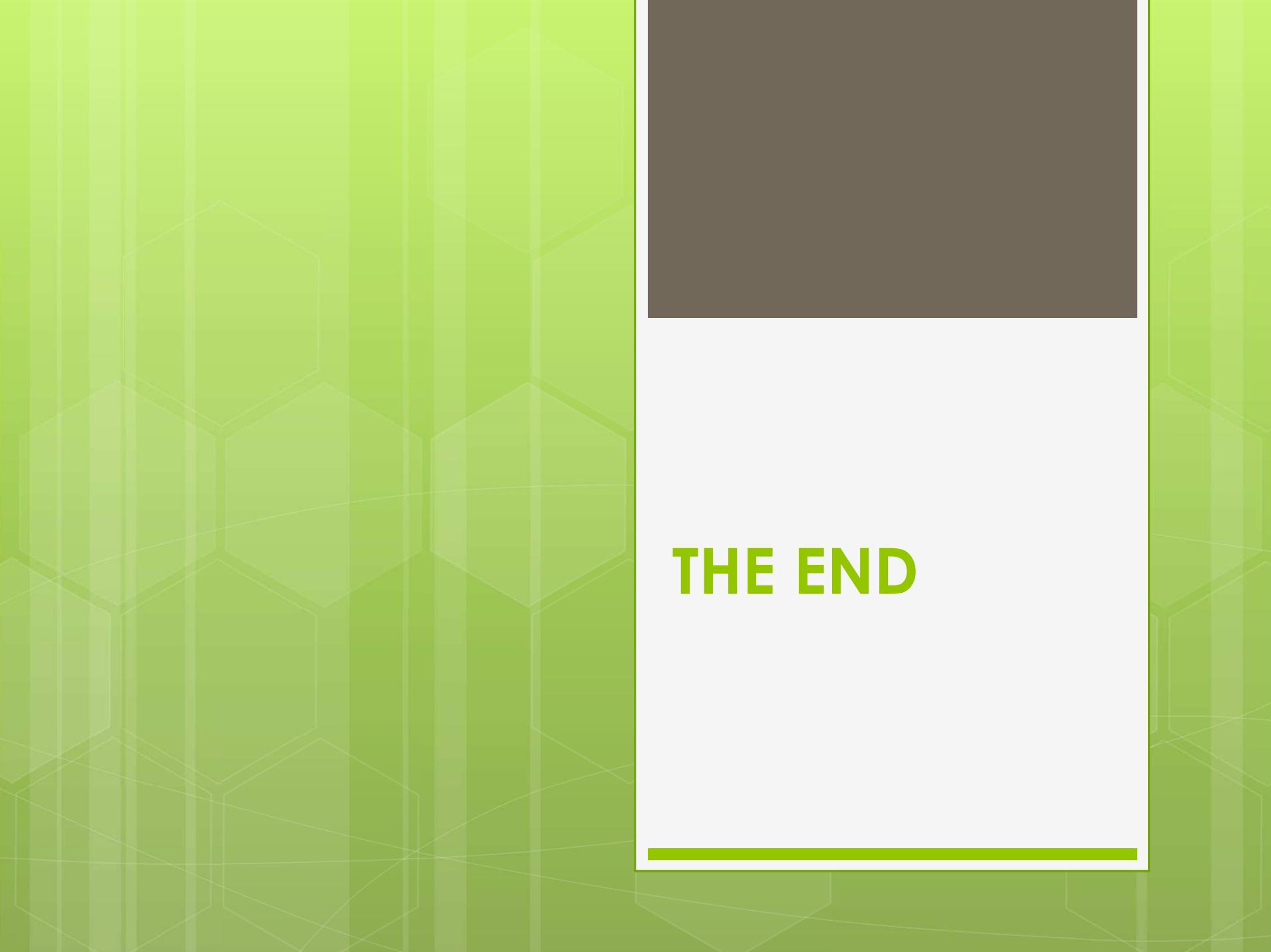
# Learning Outcomes from this Presentation - Review

- 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**