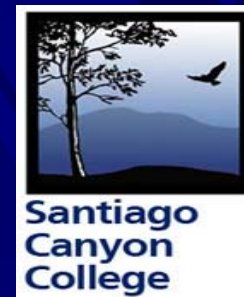




RANCHO SANTIAGO

COMMUNITY COLLEGE DISTRICT



2011-2012
Budget Update

Board of Trustees Meeting
November 14, 2011

Latest

- LAO State Fiscal Outlook report due out this week
 - First half of trigger language estimates
- State Controller's October revenue report released last week
 - Year to date collections short \$1.5 billion in revenues compared to State Budget Act estimates
 - DOF reported today a \$1.3 billion shortfall
 - Also, state has \$1.7 billion more in expenses year to date than budgeted
 - Concern with state cash flow due to lower collections

Latest

- Current year (2011-12) overall state budget shortfall now estimated at \$4+ billion
- Rumors are that 2012-13 state budget deficit estimated at least \$10 to 12 billion
 - \$4 billion from 2011-12 year
 - \$6 to 8 billion additional in 2012-13
- Department of Finance (DOF) will project their estimates of current fiscal year by December 15th
- Triggers are based on the higher of the two projections (LAO and DOF)

Triggers

- Automatic as of January 1, 2012
 - Per state budget act
 - Must decide by December 15, 2011
- “chatter” in Sacramento is that Legislature does not want triggers implemented
 - Too onerous on K-12
 - Wants to open budget discussions
 - Governor has said no
 - Wall Street credit rating pressures
- Most likely “kick the can” into 2012-13 budget process
 - Triggers become first cuts in new budget discussions
- More K-14 apportionment deferrals predicted in current fiscal year due to state cash shortage
- Governor wants tax initiative in November 2012

State Budget Update

Mid-Year Triggers

■ Trigger 0

- at least \$3 of the \$4 billion of additional revenue materializes
 - no additional funding cuts

■ Trigger 1

- between \$2 and \$3 billion of additional revenue materializes
 - \$30 million apportionment cut to community colleges
 - increase in fees of \$10, from \$36/unit to \$46/unit (July 1, 2012)
 - RSCCD – additional \$900k mid-year funding cut

■ Trigger 2

- between \$0 and \$2 billion of additional revenue materializes
 - Trigger 1 cut and fee increase
 - **PLUS** a \$72 million additional apportionment cut
 - RSCCD – additional \$2 million mid-year funding cut

- Currently, state is \$1.5 billion short of any of the additional \$4 billion subject to triggers

Scheduled Budget Forums

- CEC – November 15 – 3:30 to 5:00 p.m.
- SAC – November 16 – 3:00 to 4:30 p.m.
- DO – November 28 – 2:30 to 4:00 p.m.
- OEC – November 29 – 2:30 to 4:00 p.m.
- SCC – December 6 – 2:00 to 3:30 p.m.