

Governor's FY 12-13 Budget

Highlights

- Budget deficit of \$9.2 billion; over \$4 billion is carryover deficit from 11-12 and prior years.
- Budget is built on the assumption of a November tax package being approved by voters. This tax package consists of an up to 2% increase in the income tax on high earners as well as a .5¢ increase in the state sales tax. These taxes would sunset in 2017.
- This tax package is projected to generate \$6.9 billion in new revenues annually from 2013 through 2016.
- If taxes do not pass, built-in triggers would once again be enacted.

How we fare if taxes pass

- K-14 funding in 12-13 will increase \$4.9 billion above the 11-12 level. This “increase” is not new revenue; instead it will largely be used to pay back the deferrals brought forward from prior years. Currently, deferrals for community colleges total \$961 million.
- In 12-13 there is no new funding for growth, COLA or restoration of categorical programs reduced back in FY 09-10. COLA is projected at 3.17%.
- Bottom-line, revenue is static in 12-13 *if* the taxes pass. Cash flow is helped by the paying back of the deferrals and future carry-forward budget deficits will shrink.
- Governor's budget proposes a 4% funding increase in 13-14 through 15-16. This would mean an additional \$5.5 million per year for the District.

How we fare if taxes do not pass

- Automatic triggers will be enacted, resulting in \$5.4 billion in total reductions to the state budget; \$4.8 billion of those reductions will be in K-14.
- The deferral buyback would not happen, meaning payments will continue to be delayed (about 20% of our revenue will be held back) and the structural deficits will continue to be carried forward into subsequent years.
- The community college system would see a reduction of \$264 million *above* the deferral level of \$218 million; meaning a total cut from the governor's proposed budget of \$482 million would occur.
- For Contra Costa Community College District, this translates to a funding reduction of greater than \$7 million in 12-13. Put another way, it is a loss of approximately 1,550 FTES. If we were to reduce our class offerings to account for that level of FTES loss, 350-400 sections would be affected.

Where we are now

- Simulations, including multi-year analysis, are being built to account for the various scenarios.
- In conjunction with the college CBOs, these scenarios will be presented to Cabinet along with options to reduce the structural deficit districtwide.
- Continued monitoring; the Governor's budget is the first salvo and the legislature has yet to weigh in.