



2010-11 Budget Update



Governing Board Meeting - November 17, 2010

Presented by Roy V. Stutzman

Consultant, Finance & Administration



2010-11 Budget Overview

STATE BUDGET

- Passed by Legislature on October 8, 2010
- Signed by Governor on October 8, 2010
- Latest Budget in state history – 100 days overdue
- Surpassed previous record of 85 days set in 2008
- Required 26 separate pieces of legislation
- Trailer bill signed on October 19, 2010
- Late budget passage 23 out of the last 24 years

DISTRICT BUDGET

- Governing Board Study Session – Budget Workshop on September 1, 2010
- Governing Board Meeting – Budget Adoption on September 15, 2010





How It Was Accomplished

Spending cuts, increased state revenue, federal funds

Asset sales and borrowing

\$19.3 Billion
Deficit

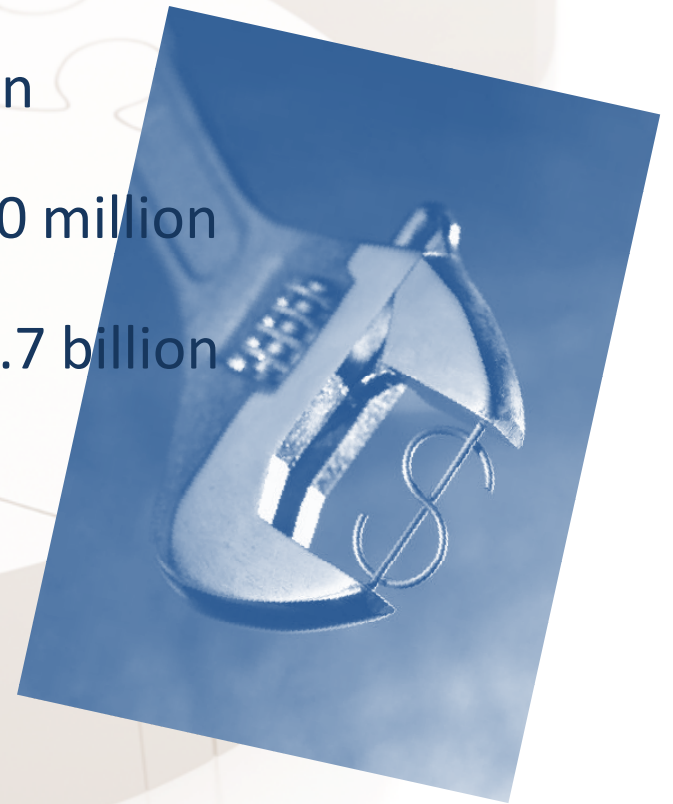
Governor vetoed additional spending to increase the size of the “rainy day fund”

Funding Shifts



Multiple Budget Solutions

- Budget cuts of \$7.8 billion
- Federal funds estimated at \$5.4 billion
- Delayed tax breaks totaling \$1.2 billion
- Sale of state office buildings nets \$900 million
- Borrowing and funding shifts adds \$2.7 billion





Community College Budget Overview



No COLA



\$126 Million for Enrollment Growth



NEW \$129 Million Payment Deferral
(funded 2011-12)



No Increase in Student Fees (\$26 per unit)

Governor's Vetoes



\$35 Million – for partial restoration of categorical program cuts

\$25 Million – for Economic & Workforce Development Program to support workforce training programs

These funds (\$60 million) would have been paid in July 2011 – putting additional strain on the 2011-12 budget



Budget Detail - Growth

- Enrollment growth funded at 2.21%
 - All Districts funded at this rate regardless of cap
- Additional 26,000 FTES
 - **Solano Potential = \$1,043,025**
 - **FTES = 228**
- Partially restores funded workload reduction of 3.3% which was mandated in 2009-10



Impacts of 2009-10 Funding Cuts

- Budget cuts resulted in course sections being decreased by up to 20% at some districts
- 200,000 unfunded students statewide (headcount), with 138,000 more turned away with no classes
- Statewide priorities remain workforce training, transfer and basic skills





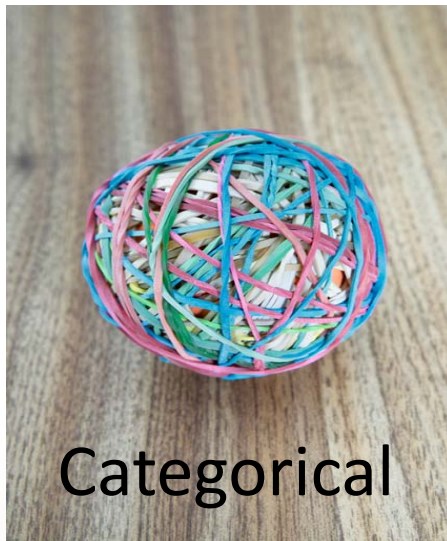
Budget Detail - COLA

- COLA was originally proposed to be negative in Governor's January budget (-0.39%) based on the statutory index
- Legislature rejected the negative COLA and went with zero instead
- Impact on Solano: + \$176,453



Categorical Funding

- In general, categorical funding remains at the level established in the 2009-10 State Budget
- One new item is an additional \$20 million for the SB 70 Career Technical Education program, bringing the total to \$68 million




Flexibility



- CTE funding is not subject to flexibility
- Funding levels remain locked-in at last year's level
- The exception is for funds provided for statewide/regional projects under the Economic and Workforce Development Program, Academic Senate, and Transfer



New Deferrals for 2010-11

- 
- \$129 million in new inter-year deferrals (to fund growth)
 - \$703 million in continuing inter-year deferrals – funds deferred from January through June 2011 to July 2011, now total \$832 million total
 - Estimated District deferral = \$8,014,010 = 24% of state apportionment
 - \$300 million in intra-year deferrals, \$200 million deferred from July to October and \$100 million from March to May

Mandated Programs

- \$22.3 million for prior years' mandate claims
 - **Solano's estimate equals \$167,105**
- \$9.5 million for current-year mandate claims
- Five mandates suspended in the current year
- A state-wide Mandate Working Group will be established to consider changes to education mandates



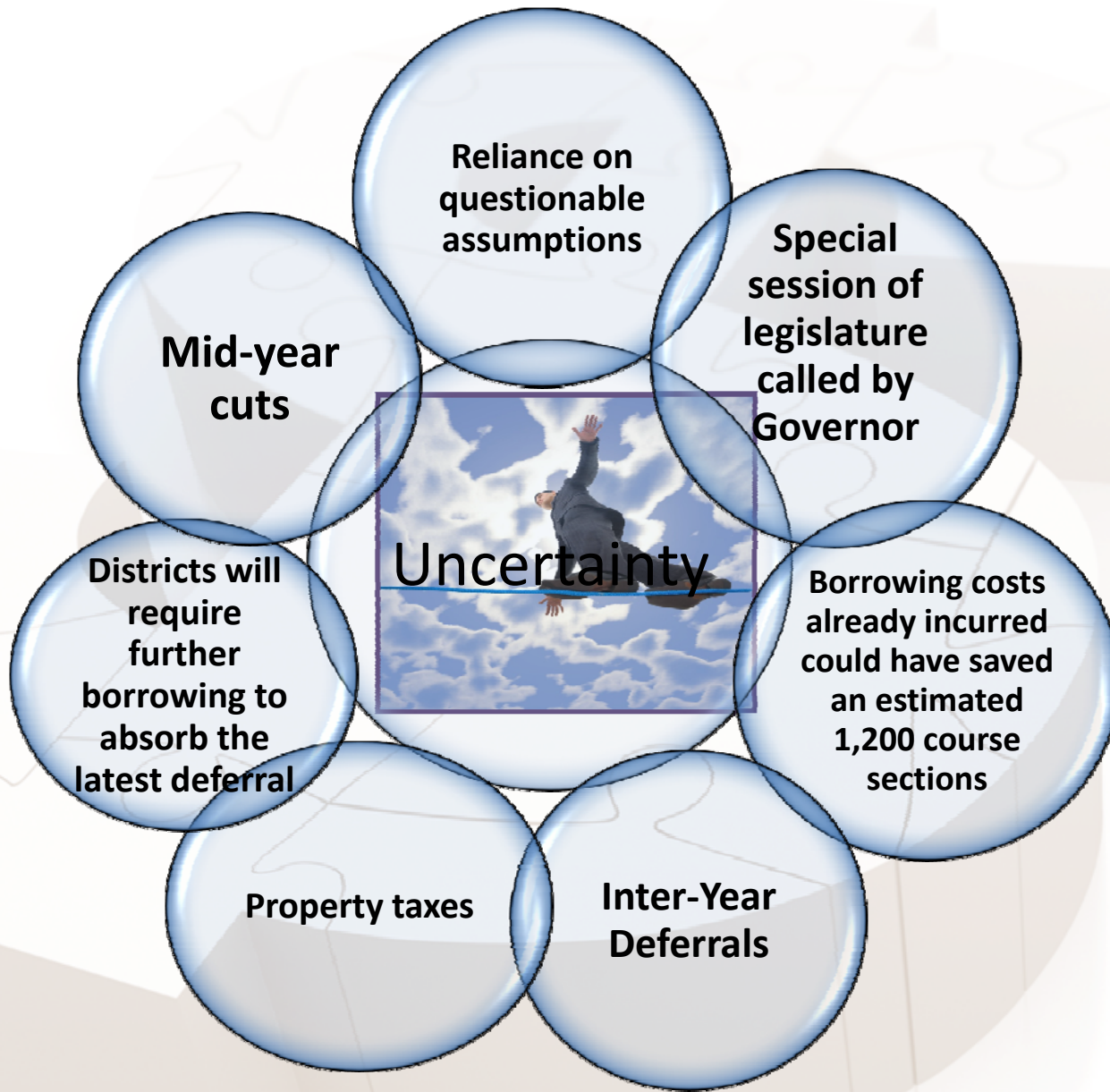



SCC Impact

Revenue, if fully funded...



Ongoing		One-Time	
COLA	\$176,453	Mandated Cost Reimbursement-Prior Year	\$167,105
Growth	\$1,043,025	Mandated Cost Reimbursement-Current Year	?
Total:	\$1,219,478	Total:	\$167,105





Financial Projection Dartboard

2011-12 and Beyond....Legislative Analyst's Office

projects a \$25.4 Billion Deficit by June 2012

Factor	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Statutory COLA for Apportionments	4.25%	- 0.39%	1.70%	1.90%	2.00%	2.40%
SSC's Recommended Planning COLA	N/A	N/A	0.00%	1.90%	2.00%	2.40%
Growth Funding	0.00%	2.2%	3.0%	3.0%	3.0%	3.0%
Workload Reductions	- 3.34%	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
"Protected" State Categorical Programs	- 32%	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
"Unprotected" State Categorical Programs	- 62%	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
California CPI	0.70%	1.20%	1.80%	2.10%	2.40%	2.70%
California Lottery / Base	\$110.25	\$112.50	\$111.00	\$110.00	\$108.75	\$108.75
Prop 20	\$15.50	\$17.50	\$17.50	\$17.20	\$17.20	\$17.20
PERS Employer Rate	9.709%	10.707%	12.030%	14.126%	14.430%	14.430%

Questions and Comments



Thank You