

**Chabot-Las Positas Community College District**  
**Budget in Brief**  
**2012-13**

**Summary of the Governor's January**  
**Budget Proposal for Fiscal Year 2012-13**

On January 5, 2012, the Governor released his State Budget Proposal for the fiscal year 2012-13. The Governor identifies the deficit and potential solutions, including a tax initiative and trigger cuts.

**The Deficit**

The Governor's Budget estimates the budget deficit to be \$9.2 billion. The \$9.2 billion deficit includes \$4.1 billion deficit expected for the current year ending June 30, 2012 plus \$5.1 billion deficit projected for fiscal year 2012-13.

**Closing the Gap**

The proposal balances the budget with spending cuts of \$4.2 billion, revenue increases of \$4.7 billion, and \$1.4 billion in other solutions. The proposal also creates a \$1.1 billion reserve. The spending cuts include the following:

- Health and Human Services - \$2.04 billion (includes reductions to Medi-Cal, CalWORKs, In-Home Supportive Services, and other programs).
- Education - \$1.321 billion (includes \$544.6 million in Prop 98 savings related to rebenching the Prop 98 guarantee to account for the elimination of sales tax on gasoline, plus \$446.9 million in cuts to child care, and \$301.7 million in reduction to Cal Grants).
- State Mandates - \$828.3 million
- Other cuts - \$27.3 million

**Tax Initiative**

In order to protect education (and public safety), the Governor has proposed a tax initiative, which will be presented to the voters in November. Passage of the initiative would temporarily increase the personal income tax on filers with incomes over \$250,000 and temporarily increase the sales tax by half (½) percent. The tax income would generate a total of \$6.9 billion, of which, approximately \$4.4 billion would be collected during the 2012-13 fiscal year.

## Trigger Language

The budget includes triggers, which would be pulled January 1, 2013, if the tax initiative does not pass. The triggers include \$4.8 billion in cuts to schools and community colleges and \$200 million each, to the University of California and the California State University.

## Impact on California Community Colleges and Chabot-Las Positas Community College District

Below is a summary of the Governor's Budget Proposal as it relates to the California Community Colleges and the Chabot-Las Positas Community College District. The major components of the Budget Proposal 2012-13 for California Community Colleges include:

- No enrollment growth funding
- No proposal to increase student fees
- 0.00% Cost of Living Adjustment (COLA) funding although the budget estimates a 3.17% COLA
- Establishes a block grant mandate incentive and almost half of the mandated programs will be eliminated. Mandates that are not eliminated will become optional though the intent of the incentive program is to encourage districts to comply
- No reductions for the California Community Colleges, contingent on the passage of the November initiative.
- If the initiative fails, however, the Colleges would be subject to significant trigger cuts in the middle of the year.
- A mid-year cut of \$482.3 million if the November tax initiative does not pass, which includes elimination of the deferral payback of \$218.3 million and possible workload reduction of \$264 million.
- The Chancellor's Office has indicated that they will direct districts to prepare their 2012-13 budgets using Scenario B: the Governor's Budget with Failure of the Tax Initiative. Furthermore, this reduction would come in the form of workload reduction. For Chabot-Las Positas Community College District, the workload reduction means the following:

	Scenario A: Governor's Budget and Tax Package	Scenario B: Governor's Budget, with Failure of Tax Package
Net Apportionment Cut:	\$0	\$-4,027,676
Workload reduction percent:	0%	5.56%
Total FTES Reduced	0	-884.73

## Scenario B Details

Reduced credit revenues	\$-4,011,082
Reduced credit FTES	-878.69
Reduced noncredit revenue	-\$16,593
Reduced noncredit FTES	-6.04

### **2012-13 Proposition 98 Minimum Guarantee**

The budget proposal increases Proposition 98 funding from \$47.6 billion in 2011-12 to \$52.5 billion for 2012-13 assuming the voters approve the tax initiative. However, this will not benefit community colleges. The budget includes a \$146.9 million reduction for community colleges to offset increased property taxes resulting from the elimination of redevelopment agencies (RDAs). The net effect is neutral. Without voter support, however, the minimum guarantee would drop to \$47.7 billion.

### **Categorical Programs**

The budget proposal dramatically increases flexibility by consolidating the majority of categorical programs into one revenue stream. This is a permanent change in categorical funding. The State Budget Bill, Assembly Bill 1463 released January 11, 2012 lists the detail on Governor Brown's categorical block grant proposal.

The categorical block grant in the Budget Bill encompasses the following categorical programs:

- Apprenticeship
- Student Success for Basic Skills Students
- Student Financial Aid Administration
- Extended Opportunity Programs and Services
- Disabled Students Programs and Services
- Student Services for CalWORKs Recipients
- Foster Care Education Program
- Matriculation
- Academic Senate
- Equal Employment Opportunity
- Part-time Faculty Health Insurance
- Part-time Faculty Compensation
- Part-time Faculty Office Hours
- Telecommunications and Technology Infrastructure
- Fund for Student Success
- Economic Development
- Transfer Education and Articulation
- Campus Childcare Tax Bailout
- Nursing Program Support

The funds in this block grant can be used "in support of student services, including, but not limited to (the above programs)." As a condition of receiving the funds, districts are required to comply with the laws and regulations for the programs in the list.

Certain programs continue to be protected.

- Some portions of the Disabled Students Programs and Services funding will still be appropriated for the following purposes as they had been in prior years: Office of Civil Rights deficiencies, High Tech Centers, state hospital adult education programs, and high-cost services and accommodations for hearing-impaired students
- The Foster Care Education Program
- Telecommunications and Technology Services funding is protected, including the portion typically allocated for the California Partnership for Achieving Student Success program

### **Apportionment Deferrals**

The Governor's budget proposal includes \$218.3 million in apportionment deferral pay-back. However, if the November tax initiative fails, this pay-back will not materialize.

### **Pension Reform and Others**

The Governor's proposal also includes plans to address other challenges over time, such as pension reform and paying down deferrals and debt. While Governor Brown is committed to fulfilling current obligations (pensions and post-retirement benefits), he states that changes must be made in order to prevent the annual obligations from continuing to increase.

*Sources of Information:*  
*California Community Colleges System Office*  
*Community College League of California*  
*School Services of California (SSC)*  
*Office of the Governor website*