



Budget Update
4/17/09



Ballot Initiatives

- **1A** caps state spending, creates a "rainy day" fund, limits how the rainy day money can be spent, extends the temporary sales tax increases for 1-2 years and provides funding for supplemental payments to K-14 (see Prop. 1B)
- **1B** provides \$9.3B in supplemental education payments to K-14 over 5 to 6 years starting in 2011-12



Ballot Initiatives

- **1C** modernizes the lottery, increasing the proceeds and allows the state to borrow \$5B in 09/10 against those future lottery proceeds. Lottery funds currently going to education would be replaced with general fund dollars at the 08/09 revenue level.
- **1D** redirects a portion of Prop. 10 First 5 Program funds to the general fund, to be used for health and human services for children.

Ballot Initiatives

- 1E temporarily redirects Prop. 63 mental health funds to the general fund to be used for similar activities.
- 1F prevents salary increases for elected state officials when the state general fund is expected to end the year with a deficit.
- These ballot initiatives provide \$6B in revenues that is included in the 09/10 state budget.

State Budget

- With the passage of the ballot initiatives, the state budget is \$8B in the red
- Without the passage of the ballot initiatives, the state budget is \$14B in the red as of early April
- March receipts were \$450M less than budgeted for 08/09
- Realistically, the state's budget could be \$15B to \$20B out of balance

SMCCCD Budget

- Projections based on the ballot initiatives passage:
 \$15M deficit over 3 years
- Projections if they don't pass:
 As much as \$20 - \$25M over 3 years

SMCCCD Budget

- SMCCCD Budget \$115M 100%
- 10% cut to sites \$7.5M 6.5%
- 20% cut to sites \$15M 13%
- 30% cut to sites \$22.5M 20%

SMCCCD

- Current solutions
 - Identify positions to be de-funded
 - Reassess the need for any external hiring
 - Manage hiring for internal hires
 - Improve class loads whenever possible
 - Reduce operational expenses by reducing services, sharing services, redesigning services
 - Shift expenses to other funds and categorical
 - Manage FTES to cap
 - Improve non-resident opportunities (because non-resident enrollment not capped)
- Identified so far: \$4M

SMCCCD Budget

- We will need to look and be radically different in 3 years from what we are now
- We will not be able to serve all students
- We will not be able to provide a full menu of services
- We will be pared back to what we prioritize as core functions for students
- And we need to figure out what we are going to do -- NOW

