



# Peralta Community College District

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## 2011-12 Budget Update

On June 30, 2011 Governor Jerry Brown signed the main State Budget bill. The bill contains the following community college provisions:

1. \$400 million cut to general apportionments – this is reduced to \$290 million after the offset of the \$10 fee increase (from \$26 per unit to \$36 per unit effective Fall 2011).
2. \$129 million increase in cash deferrals.
3. Extends for two additional years (to fiscal year 2014-15) categorical flexibility provisions.
4. Contains “triggers” that include additional cuts to community colleges and additional fee increases if state revenues do not meet budget projections.

Items 1 – 3 noted above have been incorporated into the District’s 2011-12 Tentative Budget as approved at the June 28, 2011 Board of Trustees meeting.

Item 4 noted above has not been incorporated into the District’s 2011-12 Tentative Budget. These “triggers” require the State’s Director of Finance to assess in December 2011 the State’s revenues. More specifically, the Director of Finance is to determine if the State will meet the budgeted revenue projections. Should the assessment find that revenues are below projections then automatic spending reductions would be triggered within the following framework:

- If revenues are estimated to be less than \$1 billion lower than budgeted – no changes.
- If revenues are estimated to be between \$2 billion and \$1 billion lower than budgeted - \$23 million in cuts to child care, \$30 million in additional cuts to general apportionments, and \$10 additional increase (from \$36 per unit to \$46 per unit) to student enrollment fees. Peralta’s proportional share of the \$30 million in cuts to general apportionment would be approximately \$600,000.
- If revenues are estimated to be more than \$2 billion lower than budgeted - \$72 million in additional cuts to general apportionment. Peralta’s proportional share of the \$72 million in additional cuts general apportionment would be approximately \$1.5 million.

According to the California Department of Finance’s July 2011 Finance Bulletin, California’s labor market continues to show modest improvement as the unemployment rate improved from 11.9% to 11.7%. Further, cash collections from personal income tax, sales and use tax, and corporate income tax have come in approximately \$578 million above forecast. In order to avoid the mid-year triggers described above, this momentum will need to continue. We will continue to monitor the State’s collections and update the Board continually throughout the Summer and Fall.