



Peralta Community College District

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Office of Finance and Administration

Memorandum

To: Dr. Wise Allen, Chancellor

From: Ronald Gerhard, Vice Chancellor

Date: September 27, 2011

Subject: 2011-12 Budget Update

We continue to closely monitor State revenues as monthly financial reports are being released by the State's Department of Finance and Controller's offices. According to the Department of Finance's September cash report, State General Fund revenues continued to come in below budgeted expectations. During the month of August, receipts fell \$65 million below the 2011-12 budget forecast. For the first two months of the fiscal year, total revenues have come in \$596 million or 4.9% below forecast.

As outlined in the July Board report, if revised revenue forecasts prepared by the LAO for release in November and revenue forecasts prepared by the Department of Finance in December are less than budgeted in the 2011-12 enacted budget, certain "triggers" may be enacted. The impact of these triggers to Peralta range from no impact to cuts of approximately \$1.7 million.

Also of note at the State level, on September 21, 2011, the Governor signed Assembly Bill 32 which postponed the additional \$10 per unit student fee increase, if triggered, to \$46 per unit effective summer 2012. Previously, if triggered, the fee increase would take effect spring 2012.

At the Board of Governors' meeting held on September 12, 2011, a presentation was made by the Vice Chancellors at the System's Office regarding the impact of recent budget cuts on the 72 districts within the California system. The entire presentation is attached for your review.

A few points of concern:

- Course sections reduced by 5% to 15% in most colleges
- Average class size increased from 29 to 31 students
- Class wait lists doubled and tripled
- 97% of districts reduced adjunct faculty
- Classified and management staff were also subject to layoffs and furloughs
- Statewide \$1 billion backlog in deferred maintenance (facilities)

It is clear that cuts to Peralta and more broadly to the California community college system have had devastating negative impacts to our institutional mission and purpose of educating our

community. We will continue to remain vigilant on the status of state revenues, but as time elapse it is becoming more evident that midyear triggers are in our foreseeable future.

Presentation to the Board of Governors California Community Colleges

September 12, 2011

Dan Troy, Vice Chancellor, College Finance and Facilities
Planning

Patrick Perry, Vice Chancellor, Technology, Research and
Information Systems

Recent Cuts to CCC Budget

2009-10:

- More than \$500 million cut from the community college budget (\$190 million general apportionment & \$313 million categorical)
- Student fees raised from \$20 to \$26 per unit

2010-11:

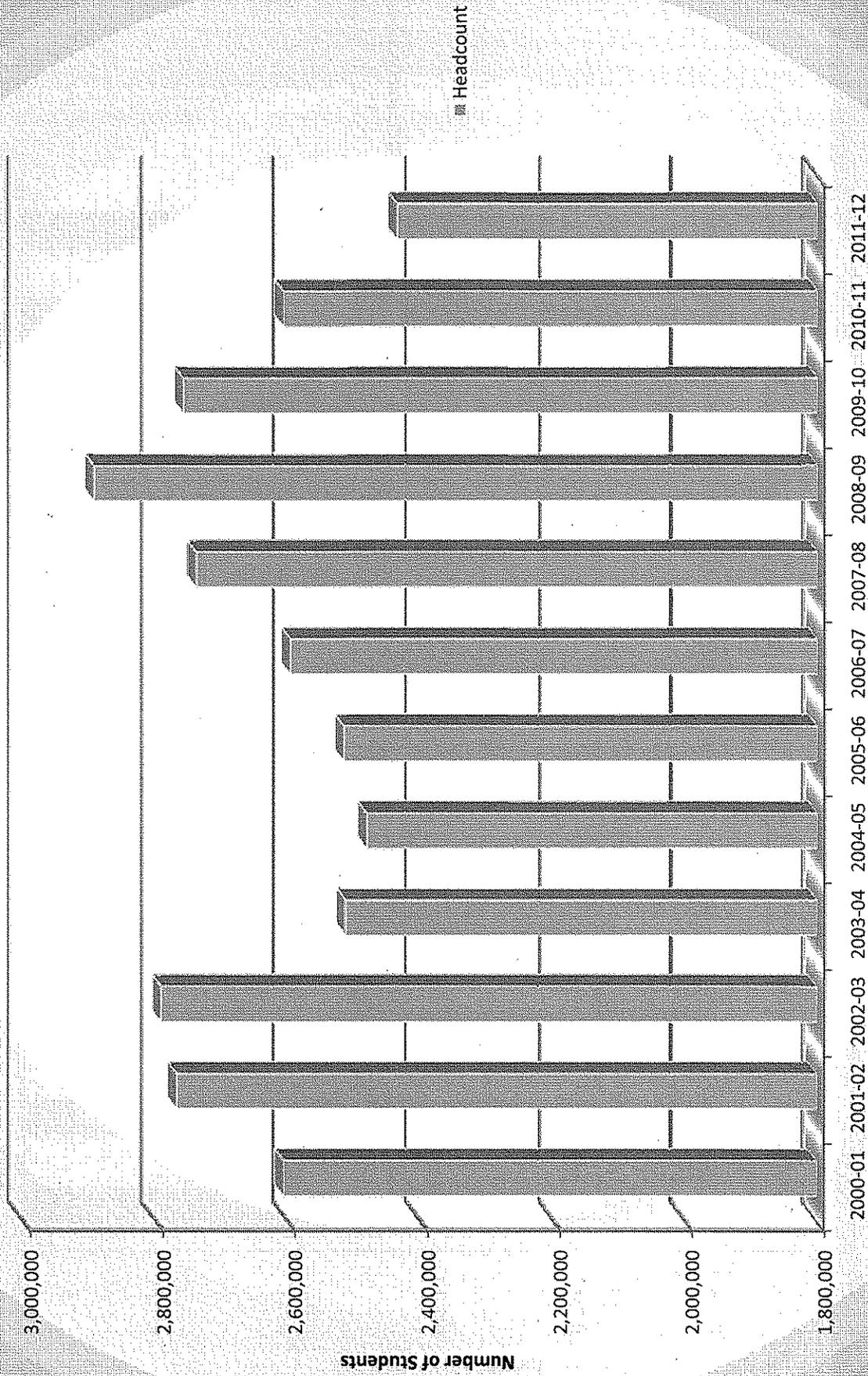
- \$126 million received for enrollment "growth"

2011-12:

- More than \$300 million cut with possibility of mid-year "triggers"
- Student fees raised from \$26 to \$36 with possibility of \$46

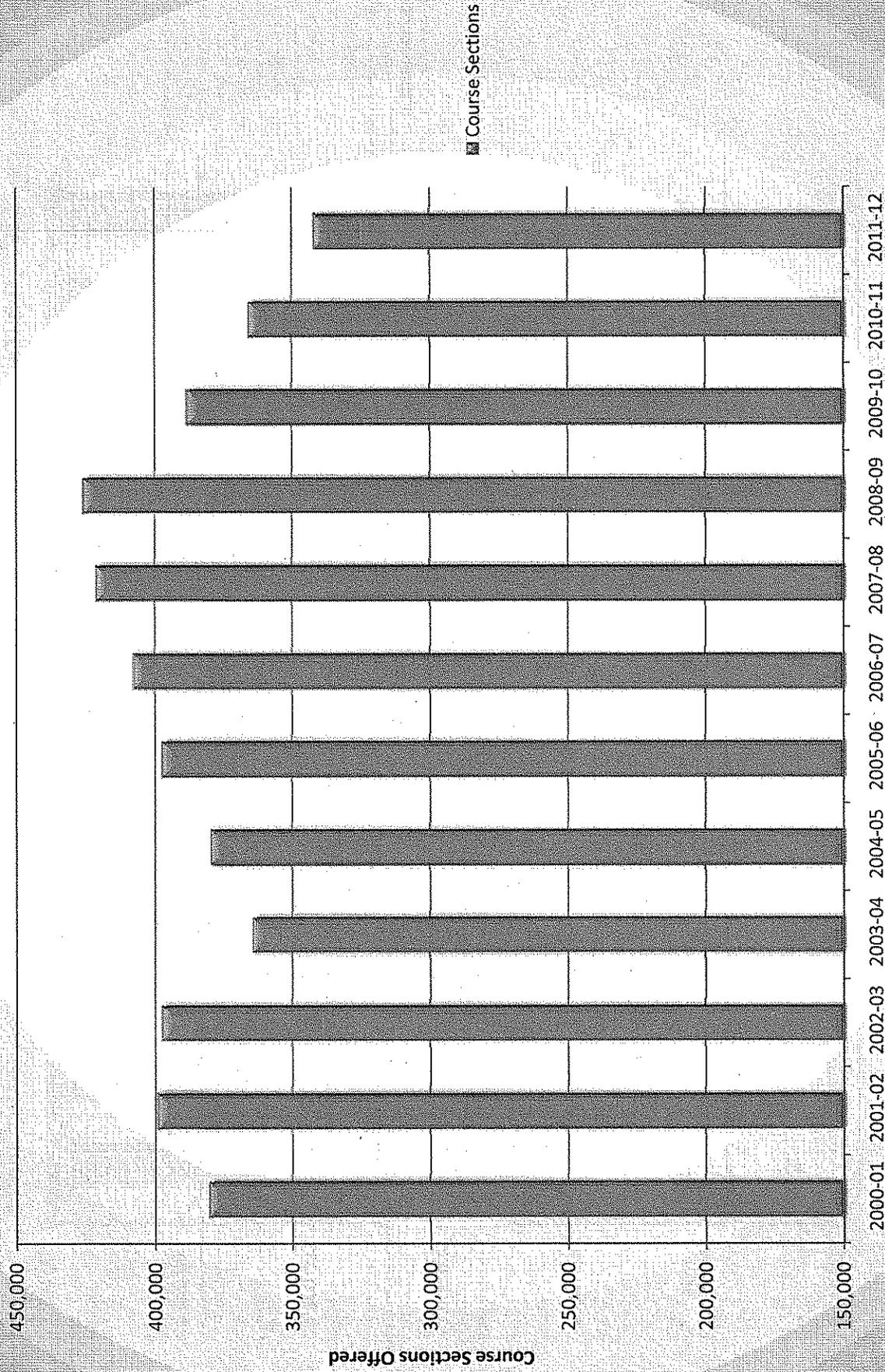
No COLA received since 2007-08

Community College Student Headcount



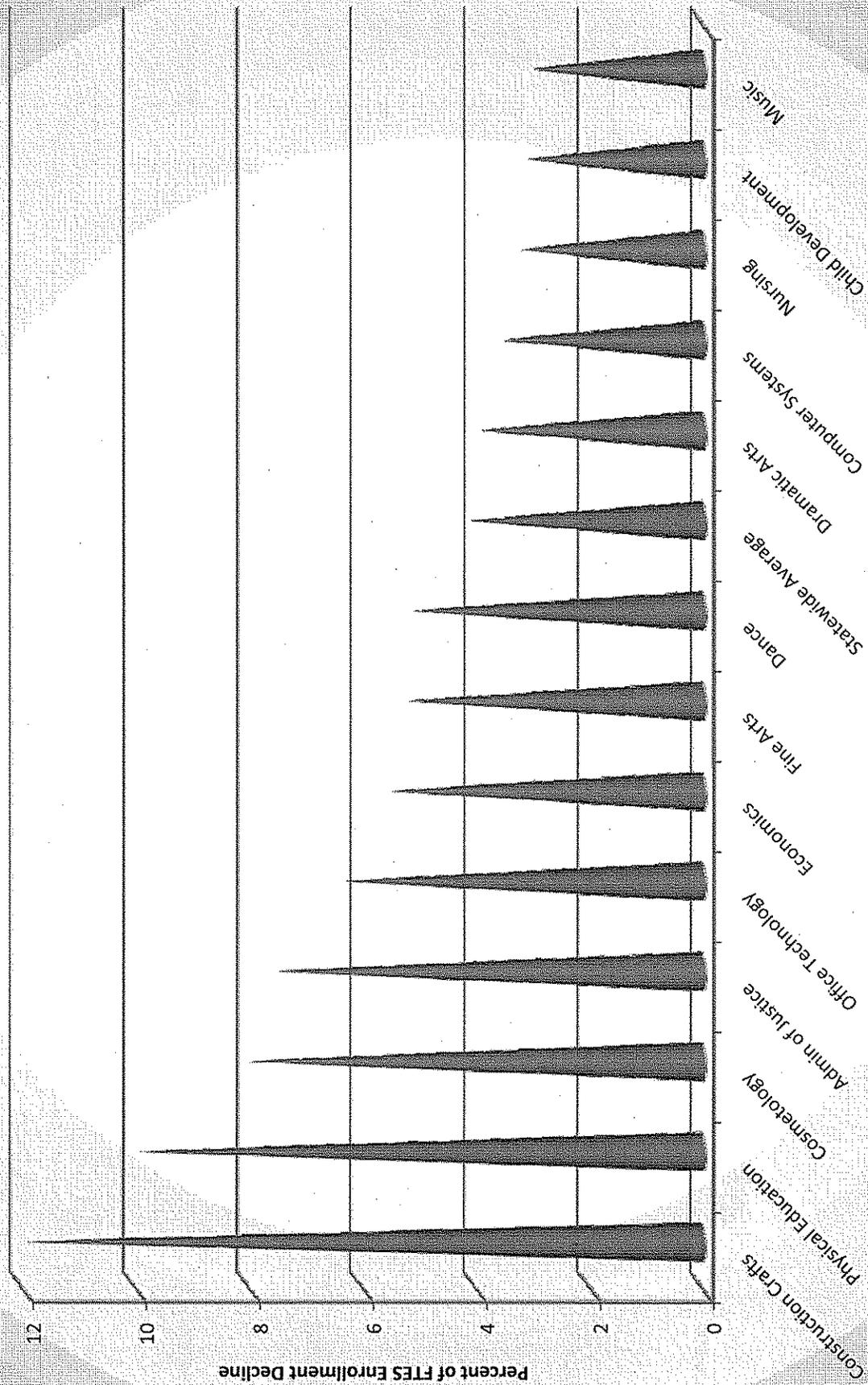
Data for 2011-12 is estimated at 93.5% of 2010-11.

Community College Course Sections



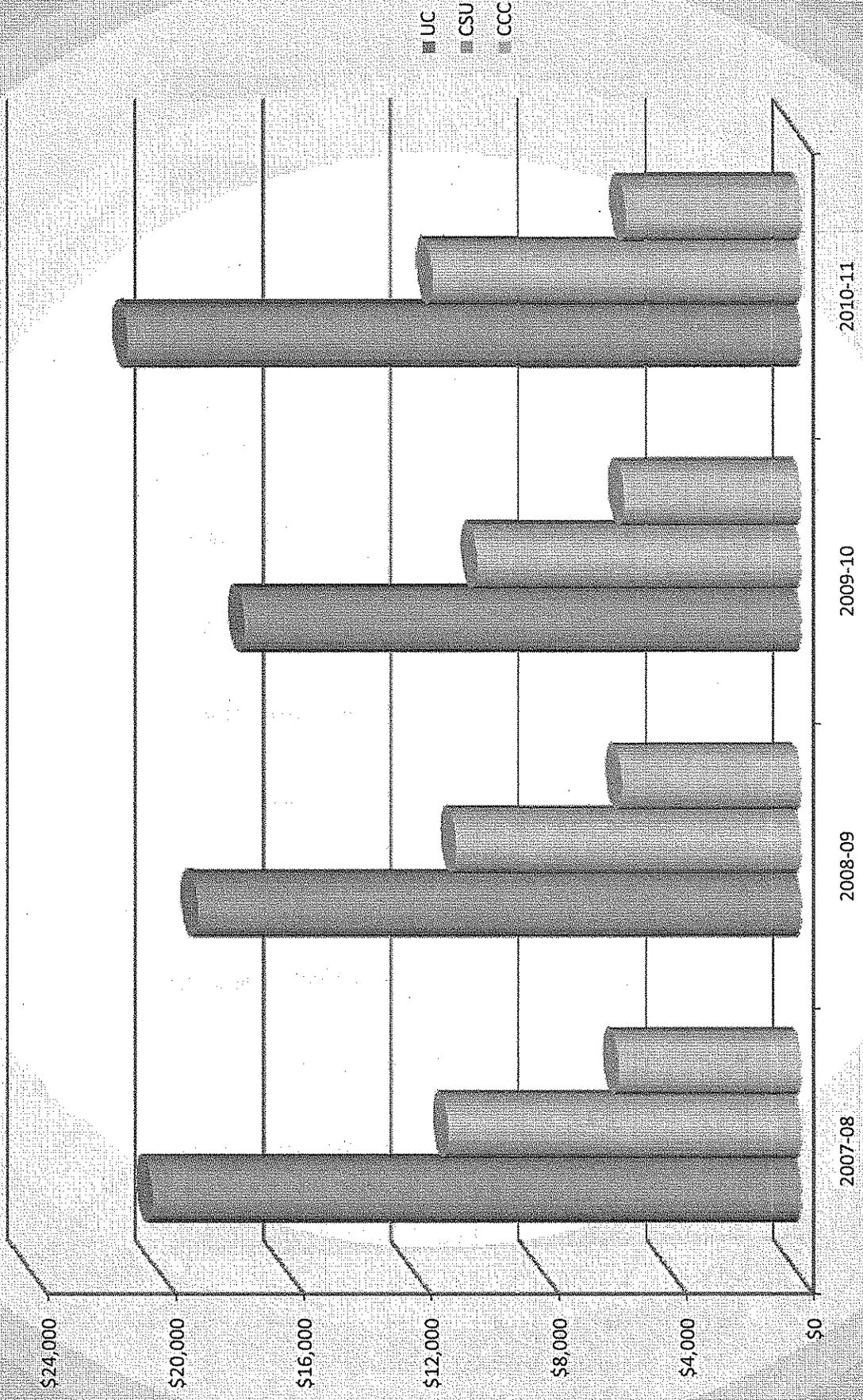
Course sections for 2011-12 estimated at 93.5% of 2010-11.

Community College Curricula Reductions From 2009-10 to 2010-11



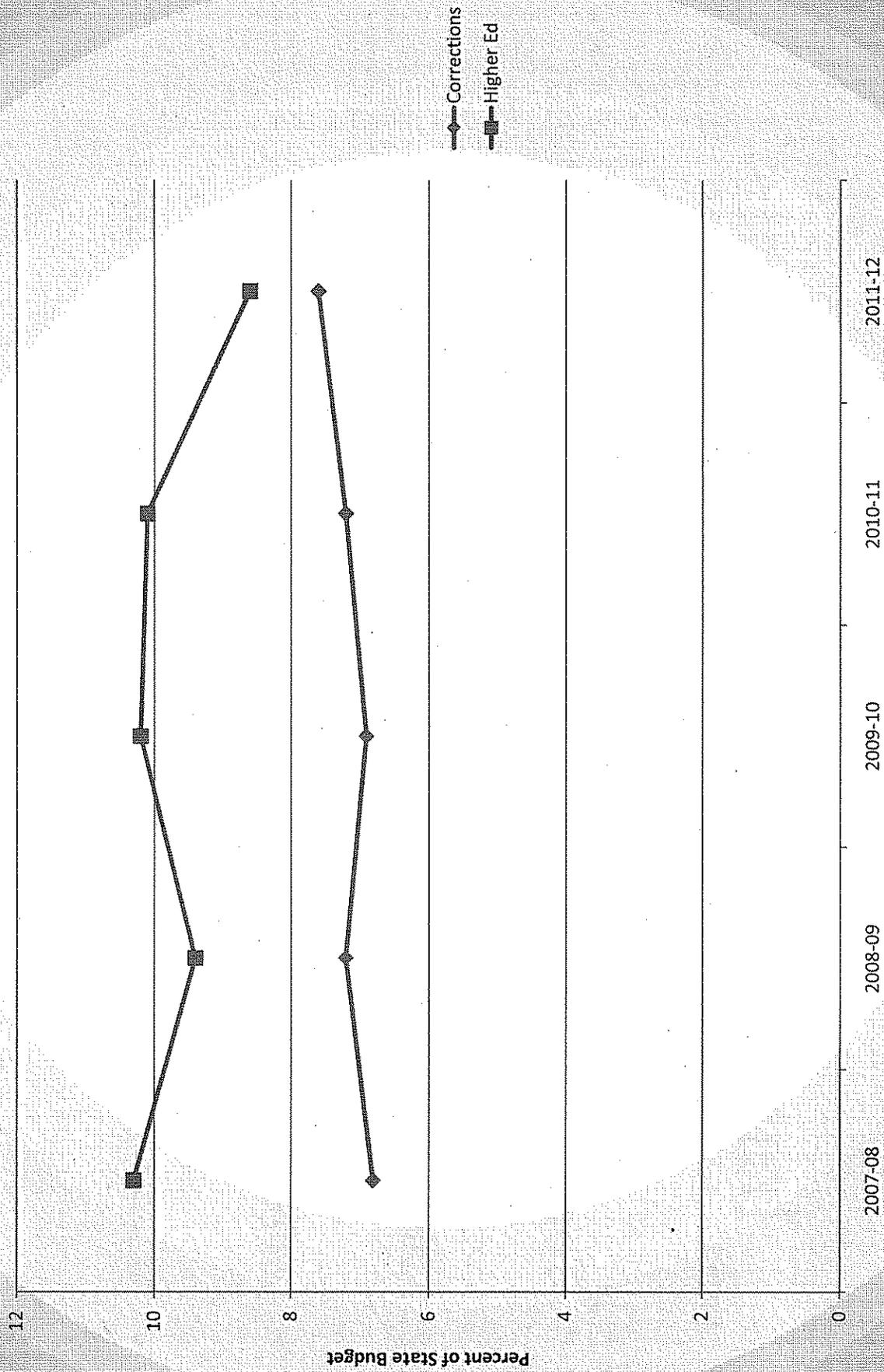
One year decline in FTEs enrolled in specific curricular areas from 2009-10 to 2010-11, for curricular areas with more than 3,000 FTEs that decreased by 3% or more.

Higher Education Funding Per Full-Time Equivalent Student by Segment



Source: Legislative Analyst's Office, January 2011. Funding sources include state general fund, local property taxes, student fee revenue, and federal stimulus funding.

Percentage of State Budget: Higher Education and Corrections



Source: Department of Finance

Impact of Cuts on Students

- Course sections reduced by 5% to 15% in most colleges
- Class wait lists doubled and tripled
- Average class size increased from 29 to 31
- Many summer and winter sessions were eliminated

Impact of Cuts on Districts

- 97% of districts reduced adjunct faculty
- Classified and management staff were also subject to layoffs and/or furloughs
- Most districts have been spending their reserves
- Statewide \$1 billion backlog in deferred maintenance

