Ventura County Community College District

Governor’s Proposed Budget
Fiscal Year 2014–2015

January 21, 2014
Highlights

- Balanced budget – no new borrowing
- No new taxes
- Rainy day reserve (2 funds – education, other)
- Debt repayment
- Restrained spending
- Commitment to education
- Recognition of revenue volatility
State General Fund Revenue assumes:

- Personal Income tax: $69.8 billion (65.8%)
- Sales and Use tax: $24.1 billion (22.7%)
- Corporation tax: $8.7 billion (8.1%)
- Other: $3.6 billion (3.4%)
Top 1% pay more than 40% of income taxes

2012 to 2015 – revenues are forecast to outpace initial estimates by $6.3 billion, almost all from the personal income tax.
General Fund Revenue Trend (Includes realignment)

Source: California Foundation for Commerce and Education
Governor’s Leadership

- Began in 2011 – cut spending by $10 billion.
- 2011 $26.6B deficit, $20B ongoing
- Modest spending increases in all areas except Education
- No automatic Cost-of-Living increases for most state programs
Governor’s Leadership

- $1.6 billion into the state’s Rainy Day Fund.
- $1.6 billion to pay off (early) Economic Recovery Bonds from 2002
- $440 million to repay (early) loans from special funds
- $6.1 billion to eliminating deferred payments to schools
Budget Summary

- Total Budget – $154.9 Billion
- General Fund – $106.8 Billion
- K–14 education – $61.6 Billion (11.4% increase)
- CSU and UC – 4% increase
## General Fund

<table>
<thead>
<tr>
<th>Category</th>
<th>(billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative, Judicial, Executive</td>
<td>$2.70</td>
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<tr>
<td>Natural Resources</td>
<td>$2.20</td>
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<tr>
<td>Health and Human Services</td>
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<tr>
<td>Corrections and Rehabilitation</td>
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<tr>
<td>K-12 Education</td>
<td>$45.30</td>
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<tr>
<td>Higher Education</td>
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<tr>
<td>Other</td>
<td>$5.79</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$106.79</strong></td>
</tr>
</tbody>
</table>
Community Colleges

- Overall 11% increase
- $592 million to eliminate deferrals.
- $175 million for maintenance and equipment
- $155 million for increased enrollment (3%)
- $100 million for Student Success
- $100 million for Underrepresented students
- $48.5 million for COLA
- $39 million for Prop 39 projects
General Fund

- COLA – $1.1 million
- 3% Growth (750 FTES) $3.5 million
Restricted Funds

- $2 million for building maintenance (one-time)
- $2 million for instructional equipment (one-time)
- $900 thousand for Prop 39 projects
Categorical Program Funds

(Allocation method and other requirements uncertain)

- $2.25 million for Student Success
- $2.25 million for Underrepresented students
Governor also Proposes

- No tuition increases for Community Colleges
- State Chancellor’s Office staff increase
- Increased flexibility on certain categorical programs – EOPS, CalWORKS, Basic Skills
- Timely backfill of RDA shortages
- Adult Education investment 2015–2016
Budget Risks

- Recession
- Drought
- Capital Gains
- Prisons
- Health Care
- High Speed Rail
- Pensions and other debt
Long-term Debt

- Total $354 billion
- Retirement Systems – $218 Billion
- CalSTRS – $80 billion
  - Needs $4.5 billion a year for 30 years
  - Grows by $22 million each day nothing is done.
Timeline

- January – Governor’s proposed budget released
- January through May – Legislative hearings
- May – Governor to release May revise: update revenues, caseload and policy proposals
- June – Constitutional deadline for Legislature to send budget to Governor
- Sept/Oct – Trailer Bills (frequently much of CCC language/clarification occurs here)