

# 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

# FY15 Governor's Budget Proposal

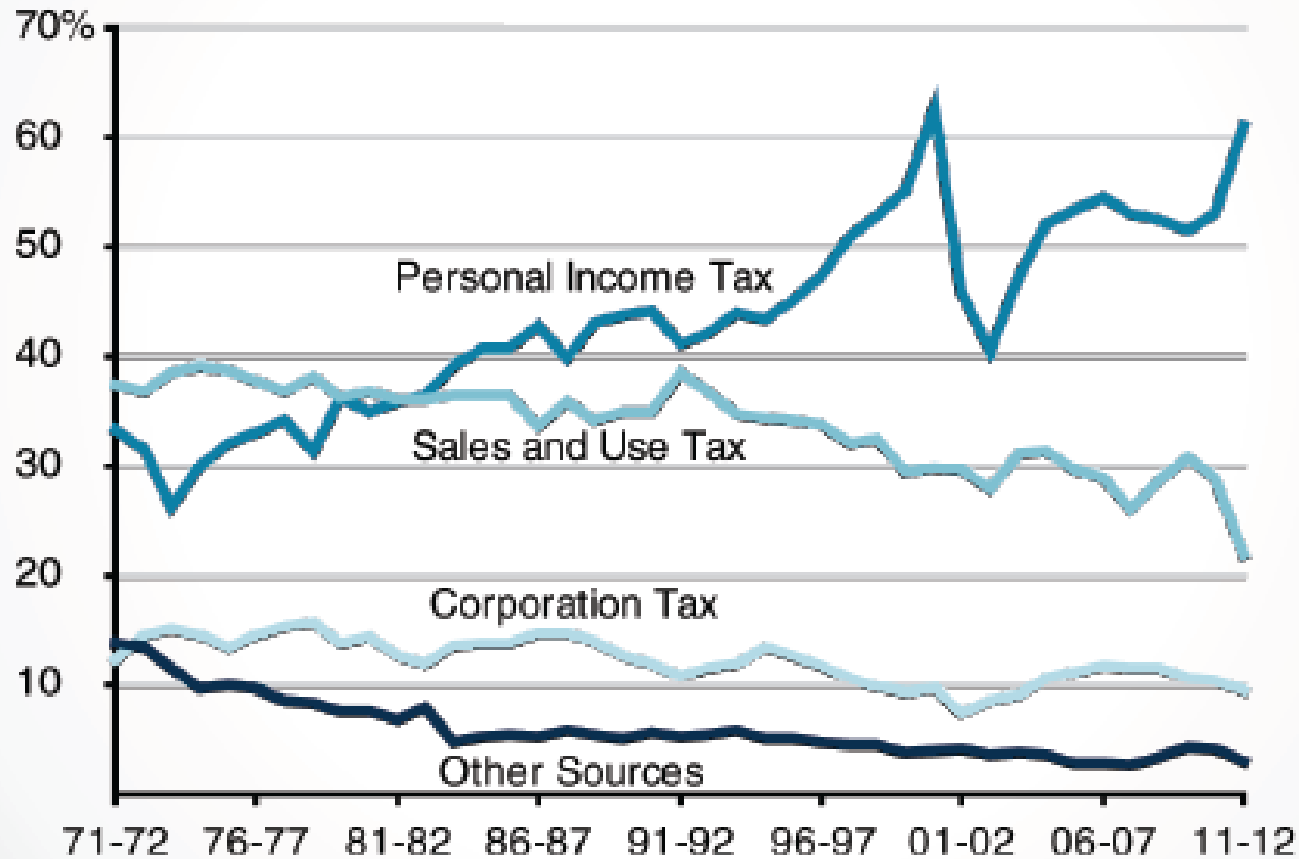
## ▶ State General Fund Revenue assumes:

- 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%)

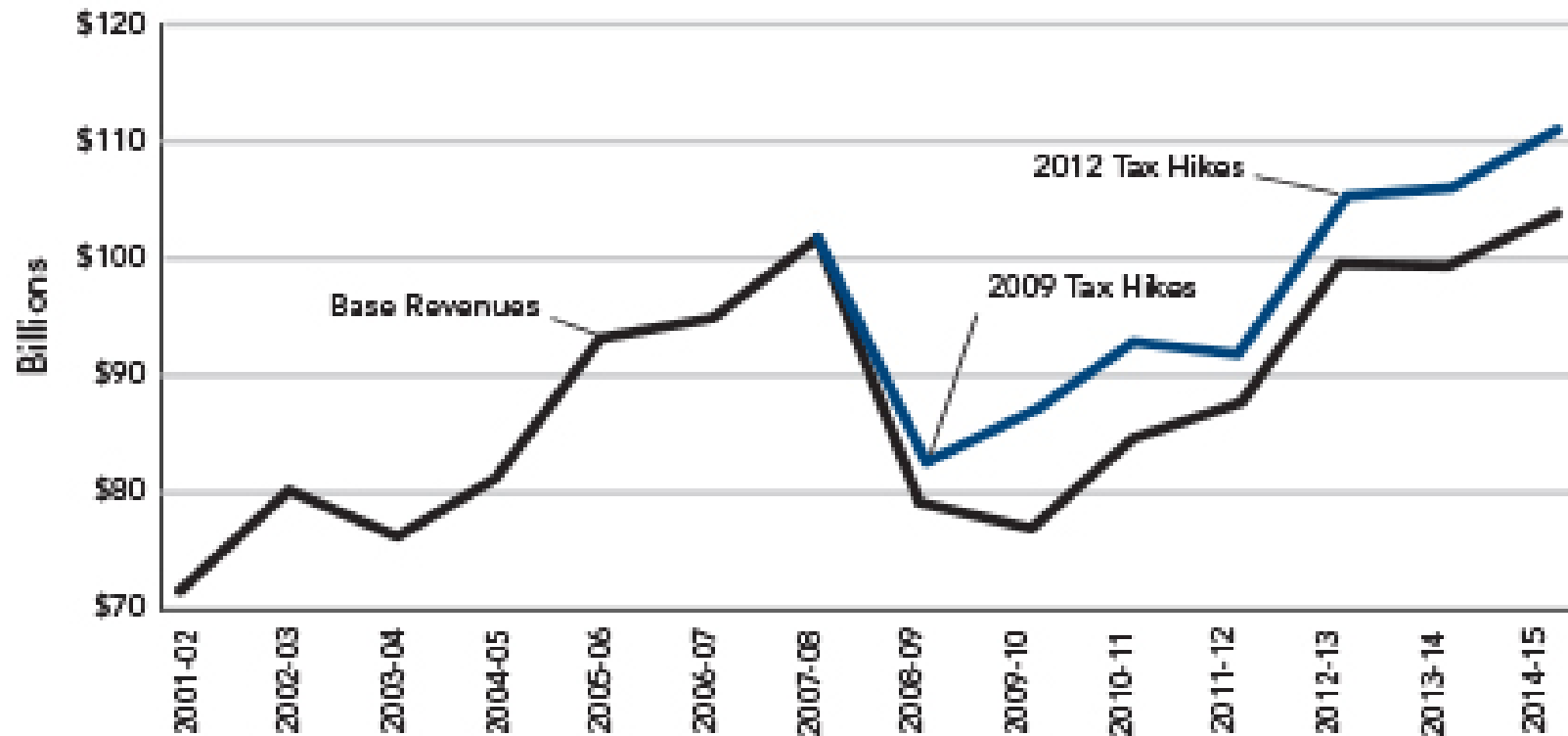
# Small Group, Huge Impact

- ▶ 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.

# Composition of Revenue



## 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

	(billions)
Legislative, Judicial, Executive	\$ 2.70
Natural Resources	\$ 2.20
Health and Human Services	\$ 28.80
Corrections and Rehabilitation	\$ 9.60
K-12 Education	\$ 45.30
Higher Education	\$ 12.40
Other	\$ 5.79
Total	\$ 106.79

# 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

# VCCCD

## General Fund

- ▶ COLA – \$1.1 million
- ▶ 3% Growth (750 FTES) \$3.5 million

# VCCCD

## Restricted Funds

- ▶ \$2 million for building maintenance (one-time)
- ▶ \$2 million for instructional equipment (one-time)
- ▶ \$900 thousand for Prop 39 projects

# VCCCD

## Categorical Program Funds

(Allocation method and other requirements uncertain)

- ▶ \$2.25million 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)