Last week Governor Brown released his budget for the 2013-14 fiscal year. For the first time in six years, there is a projected surplus, albeit small for state standards. This is primarily due to ongoing spending cuts already made in previous years and the passage Proposition 30. However, Governor Brown warns that the State budget could be negatively impacted by the federal budget shifting costs to the State, a slower than anticipated economic recovery, and/or court challenges.

For community colleges, the impacts, by fiscal year, are highlighted as follows:

### 2012-13

- **$47.8 million** for Redevelopment Agency (RDA) shortfall. The 2012-13 budget assumed $341 million in RDA revenue but that amount has not materialized. **The State has imposed a $≈ 6.7% deficit factor that costs LBCC $≈ $6.4 million.** You may recall that we had budgeted for a 1% deficit factor, so we are slated to lose over $5 million this year.
- **$50 million** in restoration revenue. Over the past four years, community colleges have been cut a cumulative amount of $429 million. LBCC’s share of these cuts was $7.5 million after accounting for the **$812,000** in growth revenue we’ll receive if we generate an additional 178 FTES. Based upon our most recent projections and Fall results, this should not be a problem.
- **$160 million** in cash deferral buydown. For LBCC, this means that our deferral will be **$≈ $26 million**.

### 2013-14

- Perhaps two of the most controversial proposals for community colleges are related to how we’ll be funded in the future:
  - There is a proposal to shift our funding calculation from how many students are in class 20% into the class session to how many students complete. The idea is to shift our focus on completions and the plan establishes a five year timeline for implementation.
  - Limiting payment to Districts for units taken by students to no more than 90 units per student. If a student exceeds 90 units, then they will be required to pay the full cost of instruction and the college may not claim FTES for those units in excess of 90. This is proposed to begin in the 2013-14 fiscal year.
• **$196.9 million** (= 3.6%) in increased base apportionments for general purpose funding. It will be up to the Board of Governors on how this is allocated (i.e. COLA, restoration/growth, etc.). Depending upon how this is allocated the absolute most that we estimate for LBCC would be ≈ $3.4 million.

• **$179 million** in cash deferral buydown. This will bring the total deferred down to $622 million from a high of $961 million. For LBCC, this could mean a deferral totaling **$11.5 million**.

• **$16.9 million** to expand the delivery of courses through technology. The Chancellor’s Office is proposing that a portion of these funds be used to develop a systemwide hosting system.

• **$49.5 million** for clean energy efficiency projects. The intent is for community colleges to expand career technical education training and on-the-job work experience. It is unknown at this time how these funds may be allocated.

• **$300 million** shift from K-12 to community colleges for adult education focused on vocational education, English as a Second Language, elementary and secondary education, and citizenship. The funds will be allocated via a block grant based on the number of students served.

• **$15.7 million** shift from K-12 to community colleges for apprenticeship.

• Requirement that students applying for a BOG Fee Waiver complete the Free Application for Federal Student Aid (FAFSA) and include both their parents and their own income to determine eligibility. The State believes that this will reduce the number of BOG Fee Waivers granted and free up resources to reinvest in additional course offerings and student services.

Although we have much to be thankful for with the 2013-14 budget proposal, it does not alleviate our need to move forward with some of the cuts currently under discussion. Some of our cuts were contingent upon the deficit factor remaining at 1%; however, since the deficit factor applied is 6.7%, we are forced to cut a total of $4 million moving into 2013-14. We will be working with the Budget Advisory Committee on assumptions for our 2013-14 budget and will keep you informed along the way.