



# Current Budget Implications and Regulatory Changes

Flex Day  
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# Repeatability

- In July 2011, the Board of Governors (BOG) adopted regulations limiting eligibility for apportionment to three times a district can receive funds for a student enrolled in the same credit course.
- Enrollment: A student who is enrolled after the 4<sup>th</sup> week of a semester length course, or 25% of a short term course.
- Beginning summer 2012, students who have earned a substandard grade will not be allowed more than three enrollments in a class.
- All grades received for a class prior to summer 2012 will be included in the total course enrollments. If the course is required, it will be necessary for the student to attend another college to complete a required course.

# Financial Aid

- Pell Changes
  - Maximum Number of Pell Grants
  - Ability to Benefit (ATB)
- Satisfactory Academic Progress (SAP)

# Student Success Taskforce Recommendations

## **K – 12 Collaboration**

- Collaborate with State Board of Education and Superintendent of Public Institutions
- Define Standards for college and career readiness

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## **Matriculation Revisited**

- Common centralized assessment for reading, writing, math and ESL
- Mandate student participation in assessment, orientation and develop Ed Plan
- Use centralized and integrated technology
- Require student participation in support services
- Identify program of study

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## **Incentivize Successful Student Behaviors**

- Enrollment Priorities
- BOG Waivers
- Full-time Enrollment
- Address Basic Skills Needs in first year

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## Align Resources with Student Success Recommendations

- Categorical Program Streamlining and Cooperation
- Invest in Student Support Initiative

# Budget Update

Flex Day – January 2012



# Can it get any worse?

- Budget woes are the worst since the passage of Prop 13 in 1978.
- Personal sacrifices have been made by ALL to weather this financial storm
- We strive to protect our **People, Wages** and **Benefits** while maintaining **Fiscal Stability**
- To achieve this, we look to principles of **Efficiency, Reorganization**, and **Reallocation** to achieve MPC's goals and objectives

# Public Education only does as well as the Economy! (Part 1)



# Public Education only does as well as the Economy! (Part 2)



# Recovery around the corner?

- Economy has stabilized and is beginning to show signs of improvement
  - The Great Recession started 2007 and was officially declared over in 2009
  - Unlike other recessions, this recovery has been slow and uneven because we've dipped so deeply
  - Some positive signs (employment, housing prices and consumer confidence)
- Risks – double dip recession is unlikely
  - EU financial troubles must be dealt with quickly. We are not insulated from their problems!

# Current Year Budget

- MPC responded to a \$2.9M cut this year
- We planned for “worst case” and it came true
  - Trigger cuts were enacted in December when state revenues did not meet target
- Chancellor’s office threw CCs an additional “surprise” last week
  - In Feb., they will declare that Student Fee revenues have fallen short of projection, therefore, they will only pay us **\$0.975 to \$0.98 on the dollar!**
  - This may seem small, but it means our apportionment revenue is likely to be **cut another \$700K to \$800K** in the current year!

# Governor's 2012-13 Budget Proposal

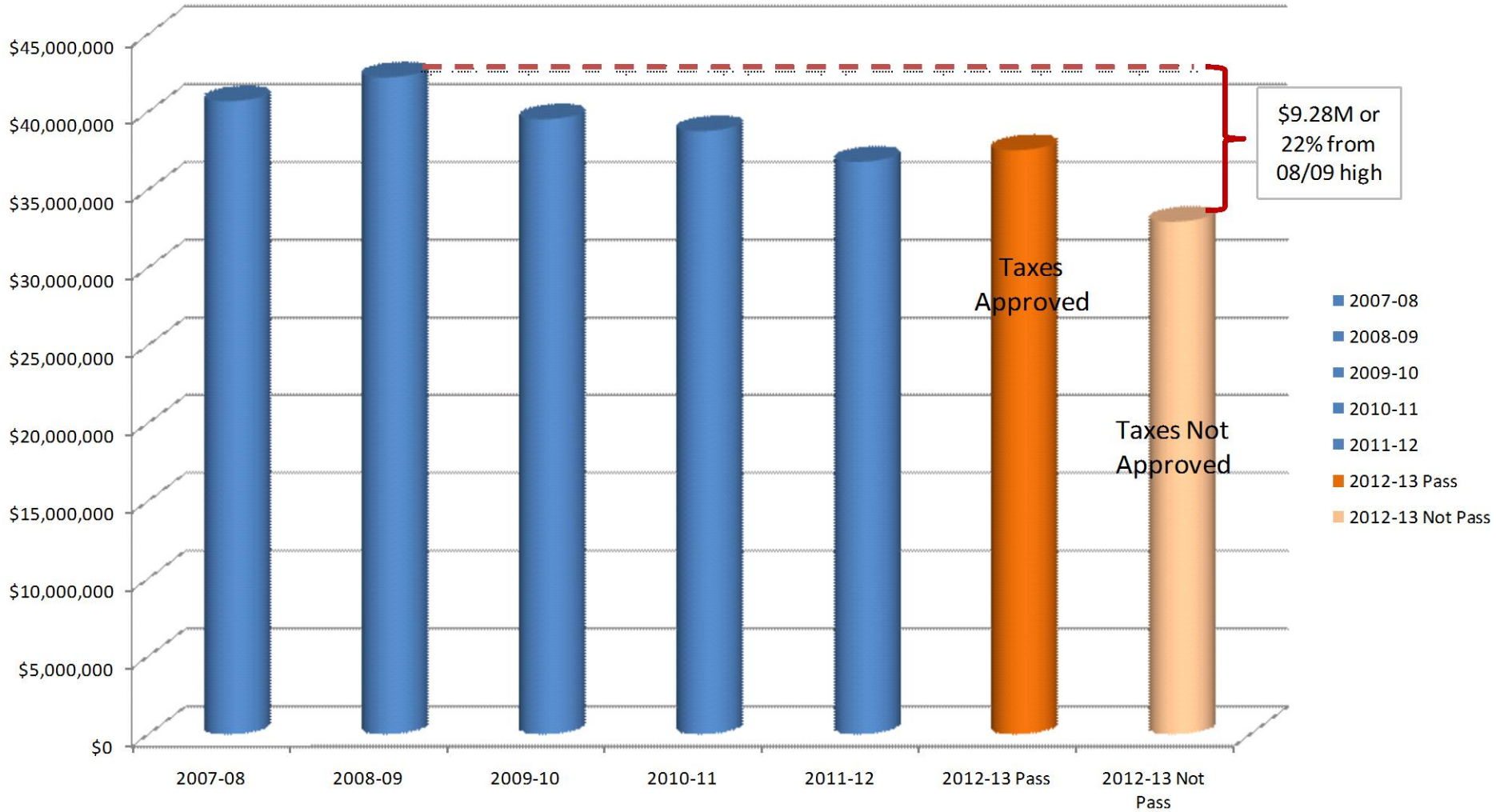
- Must close a \$9.2B deficit
  - Proposes to close the deficit with **new tax revenues** and **additional spending cuts**
    - \$6.9B in new tax revenues to keep K14 education from further cuts – subject to voter approval in Nov 2012
    - Cuts mainly to Health and Human Services
  - Governor's budget proposal includes mid-year "trigger cuts" to public education if voters do not approve tax package.

# Community College Budget

- No restoration of prior year cuts
  - No COLA, no growth funds, and increased student fees to \$46 per unit in the Fall.
  - If voters reject tax package, there will be a \$264M mid-year cut to CC – *this will be another workload reduction*
    - MPC's portion of this mid-year cut will be approximately \$1.76M
  - In other words, if voters approve tax package, there will be no further cuts to CC other than those already imposed in prior years.

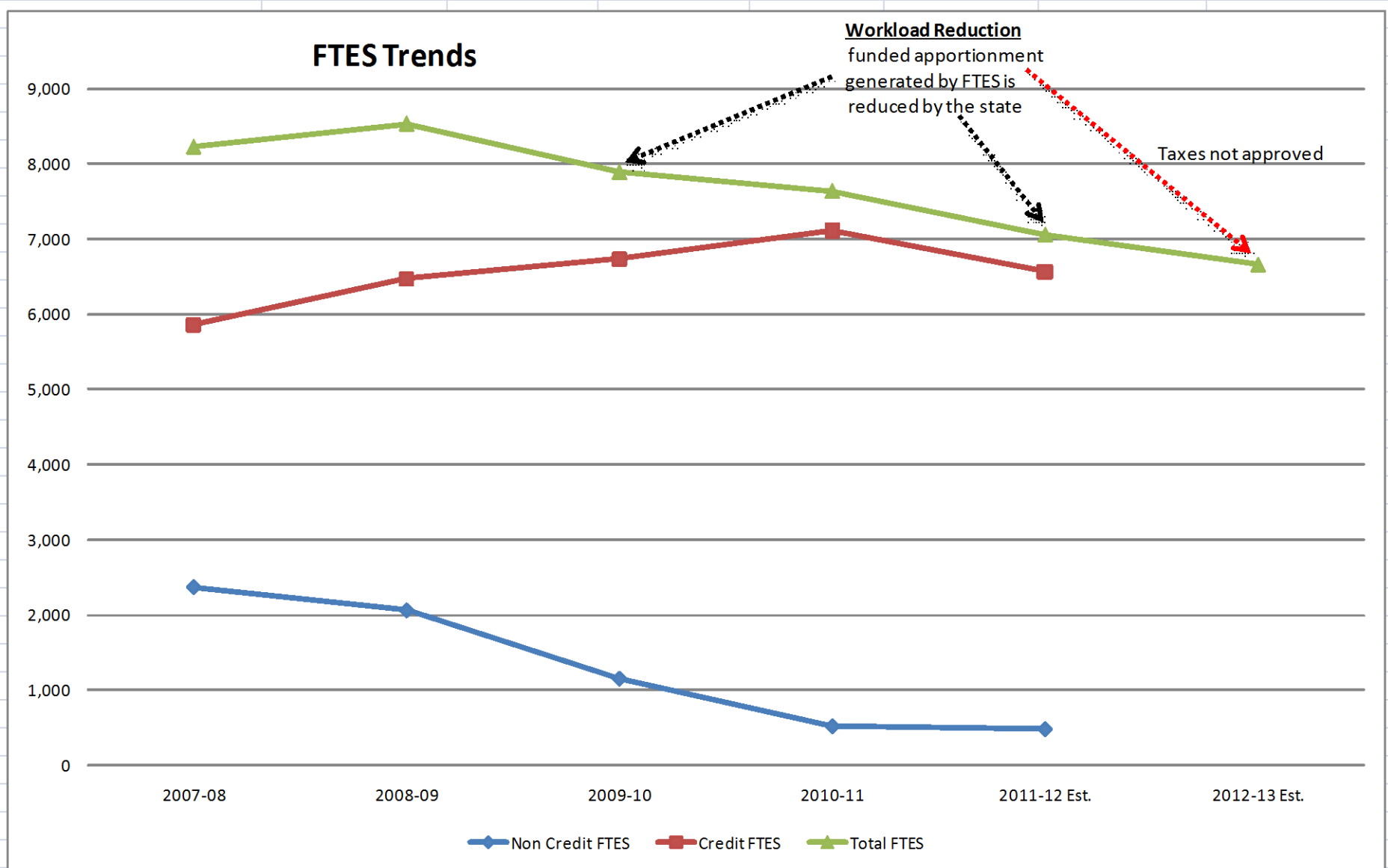
# MPC Declining Revenues

## General Fund Revenues





# Workload Reduction = Reduced FTES Funding Cap



# Budget Development

- In the current year (2011-12), MPC responded to a \$2.9M cut
  - 80% of our solutions were one-time...that means 80% (\$2.3M) of the cut comes back in 2012-13 unless current solutions are extended
- Governor's (2012-13) budget includes trigger cuts if voters do not approve tax package
  - Our budget development will assume a “worst case” scenario
    - ✓ There is no guarantee that tax package will be approved and we must be prepared.
  - A worst case scenario would add another \$1.76M to the ongoing deficit of \$2.3M for a total of \$4M

# Governor's Tax Proposal

- Tax proposal would raise approximately \$6.9B in new revenues
  - Sales tax increase of ½ percent (4 yrs.)
  - PIT rates on high income earners (>\$250K) will be increased (5 yrs.)
- AG just released summary of initiative
  - **Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding.**
    - **Temp taxes would be allocated 89% to K12 and 11% to CC**
- Supporters have until the end of June to gather 807,000 signatures to put on November ballot

# What's Next?

- After budget committee hearings, Governor will release May Revise
- Expect an on-time State budget
  - Legislators don't get paid if the budget is not adopted by the end of June
- Expect a number of very contentious initiatives on the November ballot including taxes, public pension reforms, and others.
- MPC must adopt Tentative Budget by the end of June