

Below are highlights of the Governor's 2008-09 May Revision affecting the community colleges:

Overview

The Governor identifies a remaining budget shortfall of \$17.2 billion. He proposes closing this shortfall through a combination of new revenues and additional cuts.

The Governor proposes raising \$15.2 billion through borrowing against future State Lottery revenues. A ballot measure will be required to accomplish this objective. He proposes using these additional revenues to address the state's fiscal imbalance over the next three years.

The Governor proposes fully funding Proposition 98 in 2008-09, as opposed to suspending Proposition 98 as he had proposed in January.

Current Year (2007-08)

The May Revision proposes an augmentation of approximately \$69 million to partially backfill the current-year property tax shortfall. In addition, about \$6 million in other technical adjustments is identified to address the shortfall. Taken together, this would address approximately \$75 million of the \$92 million current-year shortfall.

Budget Year (2008-09)

The May Revision proposes the following changes to the 2008-09 budget:

- ✓ An augmentation of \$138.7 million, reflecting a downward adjustment in estimated property tax revenues for 2008-09.
- ✓ An increase of \$35.5 million for enrollment growth, bringing the total growth funding in the budget year to \$95.5 million (1.67 percent).
- ✓ An increase of \$572,000 to restore the reduction proposed in the Governor's Budget to the Foster Care Training program which will preserve approximately \$700,000 of federal matching funds for training foster parents.
- ✓ Provisional budget bill language is proposed to provide districts flexibility to transfer funds between categorical programs in two programmatic areas.

In addition, the following provisions are unchanged from the January budget proposal:

- ✓ No increase in CCC student fees
- ✓ Proposed cuts to CCC categorical remain, with the exception of the revised proposal for the Foster Care Training program noted above
- ✓ Proposed elimination of new Competitive Cal Grants
- ✓ Proposed \$1 million reduction in Chancellor's Office budget
