

On May 14, Governor Schwarzenegger provided a preview of his May Revision budget proposal. The Governor unveiled two proposed budget solutions—a “base” proposal that assumes the May 19 special election ballot measures pass, and a “contingency” proposal assuming the measures fail. The base proposal balances a projected \$15.4 billion budget shortfall. The contingency proposal balances a projected \$21.3 billion budget shortfall. Given the outcome of the election, the latter is now the Governor’s plan.

The Administration indicates that it plans on releasing a more detailed version of the May Revision on May 28. However, the underlying revenue assumptions and the specific budget proposals will be fully consistent with the recent release.

The Governor’s proposal contains deep cuts in all areas of the budget. In the current year (2008-09), Proposition 98 spending would be reduced by \$1.6 billion. For 2009-10, Proposition 98 spending would be reduced by \$3.7 billion.

For the California Community Colleges, the Governor’s proposal includes \$825 million in cuts and \$115 million in funding deferrals. The details are as follows:

Current Year (2008-09):

- Defer an additional \$115 in apportionment payments from 2008-09 to 2009-10.
- \$85 million in across-the-board cuts to categorical programs.
- Broad flexibility for districts to spend categorical funds to meet local needs. This flexibility applies to all categorical programs except Financial Aid Administration and Cal Works.
- The Administration estimates a \$42.1 million local property tax shortfall and proposes no backfill for the colleges.

Budget Year (2009-10):

- \$344.3 million in across the board cuts to categorical programs. Flexibility noted above.
- Eliminate 2 percent enrollment growth, cut of \$116.8 million (would leave 1 percent growth funding)
- \$120 million cut to apportionments to implement LAO’s recommendation to lower the funding rate for credit PE and “recreational” courses to the non-credit rate.
- The Administration projects a \$116.7 million local property tax shortfall and proposes no backfill for the colleges