



# Peralta Community College District

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## OFFICE OF FINANCE AND ADMINISTRATION

### **Memorandum**

*To: Wise Allen, Chancellor*

*From: Ronald Gerhard, Vice Chancellor of Finance and Administration*

*Date: October 12, 2010*

*Subject: 2010-11 Budget Update*

Last Friday the Legislature passed and Governor approved the 2010-11 State Budget. This \$86.5 billion budget closed an estimated deficit of \$19.3 billion by a combination of expenditure reductions, recognition of federal funds, anticipated increase in tax revenue, and funding shifts.

In addition to closing the budget gap, this budget also includes a reserve for economic uncertainties as well as various budget and pension reform provisions. Such reforms include a ballot measure to strengthen the state's rainy day fund and changing the retirement formulas used to calculate PERS pension payments.

For community colleges, this budget contains the following:

- \$126 million (2.2 %) in growth funding
- No COLA
- \$35 million in backfill for categorical programs
- \$25 million in Economic and Workforce Development
- \$20 million for Career and Technical Education
- No enrollment fee increase
- \$9.5 million in one-time funds to cover mandated cost claims filed
- \$189 million in new deferrals

It is important to note that the \$189 million in deferrals is in addition to the existing \$703 million enacted in the 2009-10 budget. It is estimated that the total annual deferrals to Peralta will increase by approximately \$3.8 million to \$17.8 million. This is cash ordinarily paid to us during the months of January through June but now will be paid to us in the next fiscal year, ordinarily in July.

We anticipate receiving from the State Chancellor's office allocations by district in the near future. Once this information is received it will be presented to the Board and incorporated into the 2010-11 budget.