



Peralta Community College District

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Budget Update

Contained within the last budget update provided to the Board of Trustees at the November 15th meeting, we provided a summary of State revenues through October 31st as reported by the State Controller's Office. That report estimated October revenues at \$810.5 million below budget and projected a cumulative year-to-date deficit (July through October) at \$1.5 billion. Since that time, the California Department of Finance has released its October Monthly Cash Report that provides similar figures. Those figures estimated that October revenues were below forecast by \$608 million and a cumulative year-to-date deficit (July through October) at \$1.28 billion.

Further, on November 16th the LAO released its report entitled *California Fiscal Outlook* that anticipates a fiscal year 2011-12 State budget shortfall of \$3.7 billion. This estimation is in alignment with the Department of Finance's projections released in November. Based upon this data, it would suggest that California Community Colleges will face midyear reductions of \$102 million. Peralta's estimated share of this reduction will be approximately \$1.7 million. Also contained within the LAO report was an estimate that the state will enter the 2012-13 fiscal year with a \$10 billion operating shortfall or deficit in addition to the \$3.7 billion projected for the current fiscal year. The shortfall forecasted is primarily attributed to projected increases in Prop. 98 funding and other payments to local municipalities.

This LAO report set the baseline while we now wait for the Department of Finance's December report that will ultimately determine the magnitude of the midyear cuts.