

Post Election Budget Update

District-wide Budget Advisory Committee
November 2012

Andy Dunn

Vice Chancellor, Finance & Administrative Services

Areas of Discussion

1. Measure M
2. Proposition 30

What is Measure M?

- ▶ A \$698 million General Obligation bond measure approved by the voters
- ▶ What will it do?
 - Allow for significant replacement, modernization and renovation of facilities consistent with Vision 2020 Facilities Master Plan
 - Create endowments for technology and systems maintenance needs
 - Allow the district to leverage matching state resources for certain eligible facilities

Measure M – Approved By Voters

- ▶ M - Coast Community College District Bond Measure
- ▶ Completed Precincts: 483 of 483

| Vote Count | Percentage |
|---------------|------------|
| Yes - 102,710 | 55.9% |
| No - 80,880 | 44.1% |

For further reading:

<http://www.ocvote.com/fileadmin/live/gen2012/results.htm>

Measure M – Next Steps

- ▶ Provisional and late absentee (i.e. election day drop box) ballots to be counted
- ▶ County Registrar has 30 days to certify election
- ▶ Coast reflect results in board minutes (not a date certain)
- ▶ 60 days to establish Citizen’s Oversight Committee
 - » Measure C Committee By-Laws can be revised to reflect responsibility for both measures
- ▶ Plan first issuance

Proposition 30 Approved by California Voters

| Yes | % | No | % |
|-----------|--------|-----------|--------|
| 4,959,206 | 53.90% | 4,241,246 | 46.10% |

What does Prop 30 Involve?

- ▶ **TEMPORARY TAXES TO FUND EDUCATION. GUARANTEED LOCAL PUBLIC SAFETY FUNDING. INITIATIVE CONSTITUTIONAL AMENDMENT.**
- ▶ Increases personal income tax on annual earnings over \$250,000 for 7 years
- ▶ Increases sales and use tax by ¼ cent for 4 years
- ▶ Allocates temporary tax revenues:
 - » 89% to K–12 schools and
 - » 11% to community colleges
- ▶ Bars use of funds for administrative costs, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent
- ▶ Guarantees funding for public safety services realigned from state to local governments
- ▶ For further reading:
<http://vig.cdn.sos.ca.gov/2012/general/pdf/30-title-sum-analysis.pdf>

What does Prop 30 Involve? (cont.)

- ▶ **Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:**
 - » Additional state tax revenues of about \$6 billion annually from 2012–13 through 2016–17.
 - » Smaller amounts of additional revenue would be available in 2011–12, 2017–18, and 2018–19.
 - » These additional revenues will be available to fund programs in the state budget.
 - » Spending reductions of about \$6 billion in 2012–13, mainly to education programs, will not take effect.

Proposition 30

Revenue est. (in millions):

- ▶ 2011-12: \$2,816
- ▶ 2012-13: \$4,872
- ▶ 2013-14: \$5,671
- ▶ 2014-15: \$6,098
- ▶ 2015-16: \$6,402
- ▶ 2016-17: \$5,977
- ▶ 2017-18: \$5,434
- ▶ 2018-19: \$2,216

K-12 – CCC “Split”

- ▶ K-12 - 89%
- ▶ CCC - 11%

Looking Ahead

- ▶ Revenues could change significantly year to year
 - » Increased reliance on a volatile and difficult to predict set of revenues (income and sales tax)
 - » Coast
 - We still have structural budget imbalance

With the Approval of Prop 30, what does the Situation for Coast look like?

| | W/O Prop 30 | With Prop 30 |
|----------------------------------|----------------------|----------------------|
| State Cut | \$10.7 million | \$0.00 |
| Carry-Forward structural deficit | \$4.0 million | \$4.0 million |
| New Expenses | <u>\$1.5 million</u> | <u>\$1.5 million</u> |
| Total | \$16.2 million | \$5.5 million |