

July 2, 2009

Dear Martha,

## **Budget Update**

Yesterday, it became clear that the state would proceed with issuing IOUs and that the budget standoff may actually continue for awhile. The governor and Democratic leaders used ascerbic language to characterize each others positions, and the governor [ridiculed the Legislature](#) for considering animal rights bills while the budget talks were stalled. The Senate subsequently cancelled all policy committees "until the budget revision is complete." (As an aside, many Capitol insiders found it an ironic victory for Republicans, who are opposed to most of the legislation making its way through the committees, and could block any rule waivers after next Friday's policy committee deadline.)

In a morning press conference, the governor declared a fiscal emergency and announced he would not consider any legislation that was unrelated to the budget. He also submitted [another proposed budget revision](#) to accomodate the increase in the deficit from \$24 to \$26.3 billion created by Tuesday night's inaction. In the revision, the Governor proposes suspending Proposition 98 and making \$1.4 billion in unspecified Prop. 98 reductions below his May Revise proposal. It is unclear whether that's inclusive of \$680 million in reductions proposed in June and rejected by the Conference Committee. The suspension would further delay the repayment the \$3.6 billion in Proposition 98 maintenance factor expected to be created by the Legislature's inaction before the end of the 2008-09 fiscal year. (For a more technical explanation on this, [read an e-mail](#) I sent to CBOs yesterday.) The governor also announced a third furlough day and made them fixed days (first three Fridays of each month), leading to a 14% salary cut for most state employees.

The Legislature hasn't announced its schedule for the weekend, but based on previous July budget fights, we would guess they announce sessions tomorrow morning and Sunday night. While they will be criticized for leaving town, it is indeed needed. They need to be back in their districts to cool off a little bit after an overheated week (both politically and thermally).

For community colleges, the lack of a budget revision shouldn't change much. Districts and colleges should continue to plan on the [cuts that we've previously described](#), and districts are expected to continue receiving cash from the state (not IOUs).

I don't expect to write you again until Monday, unless a deal falls out of the sky. We will be updating the [League's Advocacy Center page](#) with the Legislature's schedule information as it comes out and twittering throughout the weekend. You can also read the League's Twitter postings ("tweets") on the Advocacy Center page.

## **Thank you to League Staff**

I am now joining the rest of the League staff for our "end of year" barbecue. While you hear mostly from me, there is an outstanding team of dedicated professionals that make this organization work. During a budget crisis like this, they all pitch in, and work a little bit harder to make up for the rededication of resources to our advocacy efforts. They're also personally being affected as the League takes steps to adjust its budget.

Truly, I can't thank the League and Commission on Athletics team enough -- Bonnie, Carmen, Carlyle, Cary, Cherie, Debra, Elaine, George, Jason, Jane, Jean, Jennifer, Judy, Kimi, Kristine, Melodie, Richael,

Rima, Rina, Rita, Samantha, Sarah G., Sarah R., Stacy, Theresa, and Yolanda.

At our parking lot barbecue today, we will be honoring three League staff who have passed longevity milestones with the League. Please join me in thanking [Yolanda Avalos](#) (15 years), [Bonnie Slosson](#) (25 years), and [Debra Wheeler](#) (25 years) for their service to the League and our colleges.

Have a safe and happy Fourth of July weekend,



Scott Lay  
President and Chief Executive Officer  
Orange Coast College '94

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