



A DEFINING MOMENT

Community College League of California

May 6, 2011

Dear Martha,

All is quiet on the Sacramento budget front. It may seem odd, following the frenetic budgetary sprint we had in February and March, but we're back on the normal schedule for the preparation of the state's spending plan. This is known as the silent period when few details emerge about the governor's latest plans.

The Department of Finance is on "lockdown," renewing economic and caseload projections and preparing policy options to be included in the governor's revised budget proposal, expected May 16. Most of the high-level preparation for the May Revise is being done in Oakland, as the governor [recovers from surgery to remove cancerous growth from his nose](#).

Meanwhile, the Legislative Analyst's Office yesterday reported that year-to-date revenues are \$2.5 billion above the projections used in the governor's January budget. Because those revenues can largely be expected to at least be replicated, if not exceeded, next year, this has a significant impact on the \$16.6 billion deficit that remains following the governor's approval of several bills in March. As shown below, if the governor signs the main budget bill (which includes the community college cuts) and the new revenues are taken into account, the "net deficit" drops to \$9 billion.

The Shrinking Deficit	
Beginning deficit	-\$26.6b
Solutions signed into law	+\$11.2b
"Pending" solutions (including community college cuts)	+\$2.6b
Above-projection 2010-11 revenues	+\$2.5b
Adjust 2011-12 revenues for higher 2010-11 revenues	+\$2.5b
Loss of sales of state buildings	-\$1.2b
"Net" deficit	-\$9b

While there is no way to cast the additional revenues in a negative light, they may actually make reaching a political deal that much more difficult. As already tax-skeptical voters

read about the cash flowing into the state's coffers, tepid support for the tax extensions will likely wane. Those four necessary Republican votes--for taxes with or without voter approval--are getting harder to get as each day of good economic news arrives.

It's important to remember that, while the state may limp through this 18-month deficit without the tax extensions, a deficit will re-emerge in 2012-13 through 2014-15--likely between \$5-7 billion. We would still predict that Proposition 98 would call for increased K-12 and community college funding during that period but, unless we're willing to cut funding from other parts of the budget (including UC and CSU), there's just not going to be the cash to meet the Prop. 98 guarantee.

The governor's plan to address the state's five-year deficit (averaging around \$20 billion each year)--extending taxes by as the state's tax base recovers and cutting programs deeply to recognize that the new tax base will likely be lower permanently--was probably the most intelligent plan that we will see. With revenues coming in above projection and narrowing the deficit, there will be increasing pressure to go the time-tested but destructive "smoke and mirrors" route. A few more billion in cuts, a few billion in optimistic revenues, and a balanced budget is agreed to...shazaam!

The biggest question is how serious the governor is in his promise to be the guardian against smoke and mirrors. He knows that smoke and mirrors simply leads to the slow bleed that will quickly swallow his term with four years of budget deficits. It sucked all the air out of Arnold Schwarzeneggers terms, and Brown doesn't want a repeat. But, would he really keep vetoing "unbalanced" budgets as threatened--even when the state turns to IOUs and when the public support for taxes drops further? Only time will tell.

Finally, it is Teacher Appreciation Week. When asked about the best teacher I've had through college and law school, I always answer [Jo-Ann Mapson at Orange Coast College](#). JoAnn taught my college writing class as a part-time faculty member while she was writing her second novel. Ten novels later, she's still going strong, and to her I credit my writing ability.

Thank you Jo-Ann, and the 59,781 full and part-time community college teachers in our system today. And, to those whose assignments have been cancelled--including 3,331 part-time faculty--we are committed to the fight to restore these budget cuts so you can get back to your calling of building a more educated and economically prepared California.

Sincerely,

A handwritten signature in blue ink that reads "Scott". The signature is written in a cursive, flowing style.

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

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