

Dear Colleagues:

Yesterday at UCLA, Governor-elect Jerry Brown held his second Budget Forum in as many weeks. In most regards, the event was similar in form and content to last week's Sacramento forum, with the focus on defining the magnitude of California's budget problem. The primary difference was that the audience at the UCLA event was comprised of several hundred education leaders from across the state representing public schools, colleges, and universities. Representing the community colleges were members of our Board of Governors, Chancellor Jack Scott, as well as numerous CEOs, trustees, faculty, and labor leaders.

Key presentations were made by Ana Matosantos, Director of the Department of Finance, Mac Taylor, Legislative Analyst, State Controller John Chiang, State Treasurer Bill Lockyer, and Tom Torlakson, incoming Superintendent of Public Instruction. Each provided illustration and explanation of California's \$25 billion budget mess.

Below are few of the new highlights from the recent forum:

- When the crowd greeted Governor-elect Brown with applause, he joked ominously that "you won't be applauding when I release the budget."
- Incoming SPI Torlakson presented a number of slides showing the significant budget cuts taken by public schools, colleges, and universities since the state's budget crisis began. Torlakson referenced programmatic impacts such as larger class sizes, layoffs, and cuts in support programs.
- Controller Chiang indicated that current fiscal projections show California maintaining sufficient cash balances through the end of the fiscal year (June 30, 2011). However, beginning in the new fiscal year, cash reserves begin to dwindle, resulting in a shortfall of almost \$5 billion in July and growing in subsequent months.
- Governor-elect Brown suggested that mid-year cuts in education are unlikely. He then handed the topic over to DOF Director Matosantos who elaborated that it was a "policy call" but that so far they are looking at cuts in 2011-12, rather than 2010-11. Presumably, not making cuts in the current year would force even deeper cuts in the coming year.
- Brown indicated his intention to enact a 2011-12 State Budget within 60 days of releasing his proposal on January 10. This expedited timeframe appears linked to having a tax proposal placed on the June ballot. Doing so would take a two-thirds vote of the Legislature.
- In his closing remarks, the Governor-elect cautioned audience members to "sit down—don't stand up—when you read the details on the budget." Presumably, he will be proposing a budget heavy on cuts, demonstrating the extreme measures that would be required in a cuts-only approach. Perhaps doing so would push the electorate toward a balanced proposal of cuts and tax increases.

- During the question and answer period, Chancellor Scott told the Governor-elect that California community colleges were forced to turn away 140,000 students last year due to budget cuts. He said that community colleges need funding in order to preserve access and that our system would be willing to help in telling that story to the public.

In the coming weeks, Governor-elect Brown will be working with his advisors and the Department of Finance to develop his 2011-12 State Budget proposal. As more details become available, we will pass them along.

Regards,

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