



Santa Clara County Office of Education

Charles Weis, Ph.D.
County Superintendent of Schools

Informational Bulletin

District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 11-063

Date: June 28, 2011

To: District Fiscal Directors

From: Nimrat Johal

Re: Details of the California Budget as of June 28, 2011

Gov. **Jerry Brown** and Democratic legislative leaders announced today that they have reached an agreement on a new majority-vote budget plan. The new budget plan assumes an additional \$4 billion in 2011-12 revenues but "triggers" mid-year cuts to education and other programs if that assumption does not materialize. If revenues fall short, cuts would hit K-12 schools and higher education, public safety programs and In-Home Supportive Services.

The budget retains roughly the same \$49 billion in funding for K-12 schools and community colleges that the vetoed budget plan included, although some of that funding could be at risk under "trigger" cuts. Below are the relevant highlights of the budget:

- Reductions in budgets of the following agencies:
 - \$150 million University of California
 - \$150 million California State University
 - \$150 million state courts
- Incremental revenues from the following sources:
 - \$200 million Amazon online tax enforcement
 - \$2.8 billion in deferrals to K-12 schools and community colleges
 - \$300 million from \$12 per vehicle increase in DMV registration fee
 - \$150 million from fire fee for rural homeowners
 - \$1.7 billion from redevelopment agencies
 - \$1.2 billion in higher May and June revenues
 - \$4 billion in higher revenues in 2011-12 with 1.06 percentage point sales tax swap that redirects money to local governments for Governor Brown's "realignment" plan rather than to the state.

County Board of Education: Leon F. Beauchman, Michael Chang, Joseph Di Salvo, Julia Hover-Smoot, Grace H. Mah, Craig Mann, Anna Song
1290 Ridder Park Drive. San Jose, CA 95131-2304 (408) 453-6500 www.sccoe.org

A Champion for Children, Schools and Community

The \$4 billion in higher revenues comes with a "trigger" plan that bears some explaining.

First, the plan requires the director of the Department of Finance, Ana Matosantos, to certify in January whether the \$4 billion projection is accurate. She will use revenue totals for July to December and economic indicators to project the remainder of the fiscal year. Should the projections fall short of the targeted \$4 billion, it will trigger cuts in three tiers, based on how much of the extra \$4 billion comes in.

Tier 0: If the state gets \$3 billion to \$4 billion of the money, the state will not impose additional cuts and roll over any balance of problem into the 2012-13 budget.

Tier 1: If the state gets \$2 billion to \$3 billion of the money, the state will impose about \$500 million of cuts and roll over the remainder into the 2012-13 budget. The \$500 million in cuts include a \$100 million cut to UC, a \$100 million cut to CSU, a \$100 million cut to corrections and a \$200 million cut to Health and Human Services.

Tier 2: If the state gets \$0 to \$2 billion of the money, the state will also impose up to \$2 billion in cuts, including a \$1.5 billion reduction to schools that assumes seven fewer classroom days. It also includes a \$250 million elimination of school bus transportation (except for that which is federally mandated). Cuts will be proportionate to how much of the first \$2 billion in revenues the state gets. State will also impose the Tier 1 cuts.