

Chancellor's Office Memo re Budget Deferrals

In the closing hours of the legislative session, lawmakers passed a bill (Assembly Bill 3X 37) which implements a number of funding deferrals to various government sectors including UC, CSU, and the California Community Colleges. For community college districts, the bill defers \$100 million in general apportionment payments from March 2010 to May 2010. This deferral was referenced at the recent budget workshops as a possibility being discussed by state budget officials to address the state's cash flow needs. AB 3X 37 is now on the Governor's desk and, while he has 30 days to act on the bill, all indications are that it will be signed into law.

This latest addition will bring the total deferrals for the community colleges to just over \$1 billion. Of this amount, \$703 million is deferred from this fiscal year to the next. Another \$300 million is deferred within the current fiscal year. Both the inter-year and intra-year deferrals are assumed to be permanent. Perhaps at some future point, when the state is again flush, we may see some reversal of these deferrals, however, that day is hard to imagine at the moment. A listing of the community college deferrals is provided below:

INTER-YEAR DEFERRALS

January	\$115 million
February	\$115 million
March	\$55 million
April	\$136.5 million
May	\$81.5 million
June	\$200 million

Total Inter-Year Deferrals = \$703 million to be paid in July 2010

INTRA-YEAR DEFERRALS

July	\$200 million (repaid in October)
March	\$100 million (repaid in May)

Total Intra-Year Deferrals = \$300 million