Budget Update
May 17, 2012

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State Budget Update

- Governor’s revised budget
  - State economic update
  - Impact on community colleges
<table>
<thead>
<tr>
<th>Scenario</th>
<th>Best Case</th>
<th>Worst Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Deficit (net of workload reduction) based on May Revise</td>
<td>($11.8M)</td>
<td>($17.1M)</td>
</tr>
<tr>
<td>Cuts to be Implemented 6/30/12(estim.)</td>
<td>$4M</td>
<td>$4M</td>
</tr>
<tr>
<td>Remaining Deficit on 6/30/12</td>
<td>($7.8M)</td>
<td>($13.1M)</td>
</tr>
<tr>
<td>Projected shortfall after use of one-time funds</td>
<td>($1M to $2M)</td>
<td>($5M plus)</td>
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</tbody>
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What changed and may change in the near future?

- FHDA enrollment decline
- State funding for FTES declined
- Additional mid-year cuts
- Deficit could get worse
Risk Factors

- Governor’s tax package uncertainty and competing Munger proposal
- Budget signed into law could be even worse than the Governor’s revised budget
- State accounting maneuvers
- Impact of student enrollment fee increase
- FHDA enrollment
- Overly optimistic state revenue projections
- Mid-year cuts
Strategy to balance the budget in FY 2012/13

- Finalize budget cut plans
- Continued collaboration
- Timelines and benchmarks
Final Thoughts

- Chancellor’s closing comments
- Q & A