Board of Trustees
Budget Study Session

Budget Development
2014-2015

D. Smith
February 25, 2014
Budget Update

- Our Status – Second Quarter
- Update to Our Status
- Board Principles & Assumptions
- Property Tax Update
- Board Initiatives
- Organizational Priorities
- Final Thoughts
### Budget Status at Second Quarter

<table>
<thead>
<tr>
<th>Year</th>
<th>Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>16.34%</td>
</tr>
<tr>
<td>2014-15</td>
<td>15.86%</td>
</tr>
<tr>
<td>2015-16</td>
<td>16.92%</td>
</tr>
<tr>
<td>2016-17</td>
<td>18.58%</td>
</tr>
</tbody>
</table>
What It Does NOT Include

- FA Contract Settlement
- CSEA Contract: TBD
- Additional Effort for Board Initiatives
  - Redesign Efforts
  - Student Success Initiatives
  - High Impact Programs
# Statewide Data Points

## Average Ending Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Districts</td>
<td>17.6%</td>
</tr>
<tr>
<td>Bay 10 Districts</td>
<td>16.9%</td>
</tr>
<tr>
<td>Basic Aid Districts</td>
<td>17.3%</td>
</tr>
</tbody>
</table>
Board of Trustee Principles

1. Trustees to provide the Chancellor & staff with policy framework for managing an “appropriate” fund balance & structural balance

2. Validate “student-centered” approach

3. Compliance with accreditation standards

4. Distinguish between on-going vs. one-time savings & needs

5. Add back slowly and strategically to maximize program initiatives
Confirm Assumptions

- Will maintain 7% reserve (reserve for economic uncertainty)
- Consideration of Designation Principles
  - STRS rate change
  - Affordable Care Act
  - Basic Aid – drops/declines
  - Milpitas operations
  - General fund stabilization
  - FTES stimulation reserves
Analysis of Relationship Between County Assessed Valuation and District Property Taxes

Santa Clara County Assessed Valuation
District Property Taxes
Total Apportionment, Enrollment Fees, Education Protection Account (EPA) and Property Tax – A Look Back

FY2008-09
- Resident Enrollment: $3,572,740
- Property Tax: $2,656,080
- EPA: $5,000,000
- Total Revenue: $2,656,080 + $2,656,080 + $5,000,000 = $7,312,160
- "Excess": $7,312,160 - $7,016,962 = $295,198

FY2009-10
- Resident Enrollment: $4,102,749
- Property Tax: $4,309,355
- EPA: $10,000,000
- Total Revenue: $4,102,749 + $4,309,355 + $10,000,000 = $18,412,104
- "Excess": $18,412,104 - $18,015,273 = $396,831

FY2010-11
- Resident Enrollment: $3,850,161
- Property Tax: $9,018,375
- EPA: $15,000,000
- Total Revenue: $3,850,161 + $9,018,375 + $15,000,000 = $27,868,536
- "Excess": $27,868,536 - $27,348,058 = $520,478

FY2011-12
- Resident Enrollment: $4,351,586
- Property Tax: $253,921
- EPA: $20,000,000
- Total Revenue: $4,351,586 + $253,921 + $20,000,000 = $24,605,507
- "Excess": $24,605,507 - $24,351,586 = $253,921

FY2012-13
- Resident Enrollment: $4,989,750
- Property Tax: $1,389,322
- EPA: $25,000,000
- Total Revenue: $4,989,750 + $1,389,322 + $25,000,000 = $31,378,072
- "Excess": $31,378,072 - $30,248,058 = $1,130,014

FY2013-14
- Resident Enrollment: $4,925,326
- Property Tax: $1,343,771
- EPA: $30,000,000
- Total Revenue: $4,925,326 + $1,343,771 + $30,000,000 = $36,269,107
- "Excess": $36,269,107 - $35,015,273 = $1,253,834

FY2012-13
- Entitlement: $70,169,662
- Total Revenue: $70,169,662
- "Excess": $70,169,662 - $70,169,662 = $0

FY2013-14
- Entitlement: $72,329,773
- Projection: $77,125,497
- "Excess": $77,125,497 - $72,329,773 = $4,795,724

San José - Evergreen Community College District
### Total Apportionment, Enrollment Fees, Education Protection Account (EPA) and Property Tax – A Look Forward

<table>
<thead>
<tr>
<th>Year</th>
<th>Entitlement</th>
<th>Projection</th>
<th>&quot;Excess&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2013-14</strong></td>
<td>$72,329,773</td>
<td>$77,125,497</td>
<td>$4,795,724</td>
</tr>
<tr>
<td><strong>FY2014-15</strong></td>
<td>$74,186,839</td>
<td>$79,467,146</td>
<td>$5,280,307</td>
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<tr>
<td><strong>FY2015-16</strong></td>
<td>$76,905,053</td>
<td>$81,851,160</td>
<td>$4,946,107</td>
</tr>
<tr>
<td><strong>FY2016-17</strong></td>
<td>$79,732,811</td>
<td>$84,306,695</td>
<td>$4,573,884</td>
</tr>
</tbody>
</table>

- **Resident Enrollment fees**
- **Property Taxes**
- **EPA**
## Board Initiatives at Second Quarter

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redesign</td>
<td>$250K</td>
<td>$750K</td>
<td>$750K</td>
<td>$0</td>
</tr>
<tr>
<td>Student Success</td>
<td>$250K</td>
<td>$750K</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
## Potential Additional Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redesign</td>
<td>$0</td>
<td>$200K</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Student Success</td>
<td>$0</td>
<td>$0</td>
<td>$100K</td>
<td>$0</td>
</tr>
<tr>
<td>High Impact Programs</td>
<td>$0</td>
<td>$100K</td>
<td>$100K</td>
<td>$100K</td>
</tr>
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</table>
Organizational Priorities

- Take care of staff
- Introduce/Provide Stability Strategies
- Provide new resources to Board Initiatives
  - Redesign Efforts
  - Student Success Initiatives
  - High Impact Programs
Final Thoughts

- We are balanced
- Our reserves are good
- Systems are in place
  - Our audits were “perfect”
- Our relationships are strong
- Our processes are transparent
- Our District Budget Committee is briefed
- And our future is bright!