Tentative Budget
FY2015/2016
June 9, 2015

D. Smith
## Our Current Budget Status

<table>
<thead>
<tr>
<th></th>
<th>FY 2014/15 Estimated Actuals</th>
<th>FY 2015/16 Tentative Budget</th>
<th>FY2016/17 Estimated Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$13.4M</td>
<td>$12.5M</td>
<td>$15.2M</td>
</tr>
<tr>
<td>Revenues</td>
<td>$91.7M</td>
<td>$100.3M</td>
<td>$96.2M</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$92.6M</td>
<td>$97.6M</td>
<td>$98.6M</td>
</tr>
<tr>
<td>Net Change</td>
<td>($0.9M)</td>
<td>$2.7M</td>
<td>($2.4M)</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$12.5</td>
<td>$15.2M</td>
<td>$12.8M</td>
</tr>
<tr>
<td></td>
<td>13.5%</td>
<td>15.6%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>
Tentative Budget
Major Factors included in detailed document

- Property Tax base up 10.1% FY2014-15
  - Applies 3.5% principle in FY2015-16
  - Each 1% equals approximately $800k
- $6.7M one-time funds from May Revise
- All salary settlements for FY2014-15 except CSEA
- $3M New Board Initiatives: High Impact, Student Success, Redesign
Tentative Budget
Major Factors included in detailed document

- $1.2M one-time funds to Colleges and WI
- $325k ongoing for ADA interpreter services
- $150k ongoing for curriculum innovations (STEM, CTE, International Program)
- $1.6M medical premium increase
- STRS/PERS premium increase included
Tentative Budget:
Major Factors

- Updates to Tentative for Adopted
  - CSEA settlement 5%
  - $350k mandated cost reimbursement ongoing
  - State Budget Adoption
  - Actual County Tax Collector first period estimate
  - Actual beginning fund balance when books close
Tentative Budget: Major Factors – TBD’s

- Will District participate in $75M State Full-Time Faculty resource?
- Amount to allocate to Colleges and WI as additional one-time funds
- Amount to allocate for Budget Stabilization Fund (Rainy Day Fund), one-time dollars
- Amount to allocate to Colleges ongoing
- Amount available for collective bargaining
- Expect major State funds for Student Success, Equity, DSPS, EOPS and various categorical programs, Amount TBD
Detail Tentative Budget: Updated for CSEA COLA effective 2014-15
Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 3.5%

Projected:
- 01/02: $25,000,000
- 02/03: $20,000,000
- 03/04: $15,000,000
- 04/05: $10,000,000
- 05/06: $5,000,000
- 06/07: $0

Actual:
- 01/02: 9.10%
- 02/03: 11.80%
- 03/04: 9.70%
- 04/05: 10.50%
- 05/06: 14.65%
- 06/07: 14.80%
- 07/08: 8.39%
- 08/09: 7.81%
- 09/10: 6.22%
- 10/11: 10.99%
- 11/12: 11.59%
- 12/13: 14.39%
- 13/14: 16.14%
- 14/15: 12.49%
- 15/16: 14.14%
- 16/17: 11.15%
- 17/18: 7.93%

Tentative Budget:
- 01/02: $25,000,000
- 02/03: $20,000,000
- 03/04: $15,000,000
- 04/05: $10,000,000
- 05/06: $5,000,000
- 06/07: $0

Updated for:
- 01/02: 0.00%
- 02/03: 2.00%
- 03/04: 4.00%
- 04/05: 6.00%
- 05/06: 8.00%
- 06/07: 10.00%

Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 3.5%
Detail Tentative Budget: Updated for CSEA COLA effective 2014-15
Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 5%
Detail Tentative Budget: Updated for CSEA COLA effective 2014-15
Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 6%
Detail Tentative Budget: Updated for CSEA COLA effective 2014-15
Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 7%
Detail Tentative Budget: Updated for CSEA COLA effective 2014-15
Mandated cost revenue at $350k beginning 2015-16
Property taxes in 2015-16 @ 8%
Property Tax History

- 10.4% in 2001-2002
- 6.2% in 2002-2003
- 8.4% in 2003-2004
- 9.3% in 2004-2005
- 9.3% in 2005-2006
- 7.2% in 2006-2007
- 2.9% in 2007-2008
- -6.0% in 2008-2009
- -4.0% in 2009-2010
- 2.6% in 2010-2011
- 3.2% in 2011-2012
- 8.5% in 2012-2013
- 10.1% in 2013-2014
- 8.0% in 2014-2015
Backdrop: Key Considerations

3rd Quarter 50% Law “on watch” as a Basic Aid District – more challenges, more effort to the classroom

Standard & Poor’s AA/Stable affirmed

Selected Comments:

• “Record of Maintaining strong reserves for the past four fiscal years, which we expect will continue”

• “The stable outlook reflects our view of the District’s strong financial position”
Backdrop: Key Considerations

- Standard & Poor’s (continued)
  - “We could raise the rating during the next two years if such revenue growth translates into sustainable and significant strengthening of reserves”

- Moody’s Aa1

Selected Comments:

- “The rating also incorporates the District’s below-average reserve levels that should remain stable...”
Backdrop: Key Considerations

- Moody’s (continued)

What could make the rating go up?

- “Significant and sustained increase in general fund reserve levels”

What could make the rating go down?

- “Any deterioration in the District’s financial and/or liquidity position”

Challenges

- “Below average general reserve levels”
50% Law

“There shall be expended each fiscal year for payment of salaries of classroom instructors, 50% of the District’s current expense of education.”

Included (Numerator)

<table>
<thead>
<tr>
<th>Classroom Instructors</th>
<th>Salary &amp; Benefits</th>
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</thead>
<tbody>
<tr>
<td>Instructional Aides</td>
<td>Salary &amp; Benefits</td>
</tr>
</tbody>
</table>
# 50% Law

**Included (Denominator)**
- Costs from above
- General Administration
- Counseling & Library
- Transfer Center
- Utilities

**Exclusions (Not in Equation)**
- Contract Education
- Bookstores
- Constructions
- Student Activities
- Student Grants

<table>
<thead>
<tr>
<th>Included (Denominator)</th>
<th>Exclusions (Not in Equation)</th>
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</thead>
<tbody>
<tr>
<td>Classroom Supplies</td>
<td>Capital Outlay</td>
</tr>
<tr>
<td>Conferences</td>
<td>Leases</td>
</tr>
<tr>
<td>Staff Development</td>
<td>Lottery Proceeds</td>
</tr>
<tr>
<td>Reassigned Faculty Time</td>
<td>Cafeteria</td>
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50% Law
SJECCD Experience
1994 - 2014

Actuals
## 50% Law Averages

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Statewide</strong></td>
<td>51.75%</td>
<td>51.43%</td>
<td>51.41%</td>
<td>51.50%</td>
<td>51.37%</td>
</tr>
<tr>
<td><strong>Basic Aid</strong></td>
<td>52.15%</td>
<td>51.79%</td>
<td>51.82%</td>
<td>52.01%</td>
<td>50.92%</td>
</tr>
<tr>
<td><strong>Bay 10</strong></td>
<td>52.01%</td>
<td>51.77%</td>
<td>52.09%</td>
<td>51.85%</td>
<td>51.52%</td>
</tr>
<tr>
<td><strong>SJECCD</strong></td>
<td>54.99%</td>
<td>52.90%</td>
<td>54.15%</td>
<td>55.36%</td>
<td>51.13%</td>
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Next Steps

- Update Tentative with “hard numbers”
  - July 1\textsuperscript{st}: State Budget Act
  - August 5\textsuperscript{th}: Books Close
  - August 20\textsuperscript{th}: Property Tax Update
- Prioritize Budget Needs
  - College augmentations
  - Collective bargaining resources
Next Steps

- Board ends policy initiatives
- Allocate when funding is certain
- One-time, on going, rainy day fund
- Making the greatest impact on students & classroom programs
- Make each funding decision in context of the whole
Final Thoughts

- Allocation processes must be thoughtful and participatory
- Begin to develop a budget allocation model
- Prepare & plan for LT stability while resourcing, colleges, students & classrooms
- Watch the numbers, “Steady as she goes”