Tentative Budget
Fiscal Year 2014/2015

June 10, 2014

D. Smith
Presentation Outline

- Our Budget Status
- Tentative Budget as Presented
- Major Assumptions
- Unknowns & Variables to Consider
- Board Principles
- Board Initiatives
- Board Priorities
- Organizational Priorities
- Behind the Scenes
- Final Thoughts
Our Budget Status

Projected Year Finished FY 2013/2014

Revenues $83.0M
Expenditures $83.1M

Ending Fund Balance 13.0%
Tentative Budget As Presented

Fiscal Year 2014/2015

Revenues $84.8M
Expenditures $86.9M
Ending Fund Balance 10.0%
Major Assumptions

- Includes all salary settlements except CSEA which posts at Final
- Full benefits – Medical/Health
- Statutory increases: includes PERS, not STRS (TBD)
- Anticipates 3% property tax increase, following 8% year. Each 1% about $750,000
Major Assumptions (continued)

Includes additional Board initiatives

- High Impact Programs  $100,000
- Redesign  $950,000
- Student Success  $750,000

More $ necessary to fund priorities

Does not include FY 2014-15 additional COLA dollars. Each 1% about $700,000

Still many unfunded priorities but stand financially strong
Unknows & Variables to Consider

- Very conservative with Property Tax outlook
- Recommendation: earn before allocate
- We manage a modest fund balance
  - SJECCD: 10 - 15% range
  - Statewide: 17.6%
- Recommendation: consider reserve designations
  - STRS
  - Milpitas
  - Health Care premiums
  - Affordable Care Act
  - Basic Aid drops/declines
  - GF stabilization monies
Analysis of Relationship Between County Assessed Valuation and District Property Taxes

<table>
<thead>
<tr>
<th>Year</th>
<th>Santa Clara County Assessed Valuation</th>
<th>District Property Taxes</th>
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</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>8.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>2005-2006</td>
<td>8.0%</td>
<td>9.3%</td>
</tr>
<tr>
<td>2006-2007</td>
<td>9.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>8.3%</td>
<td>7.2%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>7.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>0.2%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>-4.0%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>0.9%</td>
<td>3.3%</td>
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<tr>
<td>2012-2013</td>
<td>3.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2013-2014 (estimates)</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
Total Apportionment, Enrollment Fees, Education Protection Account (EPA) and Property Tax – A Look Forward

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Entitlement</th>
<th>Projection</th>
<th>&quot;Excess&quot;</th>
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<tbody>
<tr>
<td>FY2013-14</td>
<td>$69,582,655</td>
<td>$77,258,820</td>
<td>$7,676,165</td>
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<td>FY2014-15</td>
<td>$71,204,183</td>
<td>$79,394,569</td>
<td>$8,190,386</td>
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<td>FY2015-16</td>
<td>$73,802,196</td>
<td>$81,773,022</td>
<td>$7,970,826</td>
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<td>FY2016-17</td>
<td>$76,504,909</td>
<td>$84,226,213</td>
<td>$7,721,304</td>
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</tbody>
</table>

- Resident Enrollment fees
- Property Taxes
- EPA
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
6. Seek efficiencies and revenue opportunities
Board Initiatives/Strategic Priorities

I. High Impact

- Academic Goals Setting and Planning
- Degree Completion
- Accelerated Basic Skills
- Early Alerts
- Learning Communities
- Professional Development
- Curriculum Redesign
- Basic Skills Faculty Hiring Processes
Board Initiatives/Strategic Priorities (continued)

II. Board Strategic Student Success Initiatives
   - Organizational Redesign
   - Noncredit/Adult Education
   - Career and Technical Education
   - Strategic Communication
     - Internal
     - External
Organizational Priorities

- Take care of staff
  - Security
  - Accountability
  - Competitive salaries & benefits
- Manage: stabilized budget
  - Highest audit standards
  - Highest credit ratings
  - Conservative – allocate when realized
- Apply new resources to stay competitive
  - Advance Board initiatives
Final Thoughts

- A strong budget
- May Revise signals additional categorical funds coming
- Outstanding financial systems & processes
- Remain student-centered & focused
- Our relationships are strong
- Our processes are transparent
- Our District Budget Committee is briefed and involved
- And our future is bright!