Budget Update
“State of the District”

D. Smith
December 13, 2011
Current Budget Status

- Good reserves – beginning fund balance 10.99%
- Projected EFB 9.34%
- 2011-12 structural deficit revenues < expenditures $1.3M
- Demonstrated history of solving budget problems
## Major Indexes

<table>
<thead>
<tr>
<th>EFB History</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>14.6%</td>
</tr>
<tr>
<td>2007-08</td>
<td>8.2%</td>
</tr>
<tr>
<td>2008-09</td>
<td>7.8%</td>
</tr>
<tr>
<td>2009-10</td>
<td>6.2%</td>
</tr>
<tr>
<td>2010-11</td>
<td>11.0%</td>
</tr>
</tbody>
</table>
## Major Indexes

Enrollment Management (Credit)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded</th>
<th>Actual</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>14,499</td>
<td>14,499</td>
<td>0</td>
</tr>
<tr>
<td>2007-08</td>
<td>14,714</td>
<td>14,753</td>
<td>39</td>
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<tr>
<td>2008-09</td>
<td>15,126</td>
<td>15,407</td>
<td>281</td>
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<tr>
<td>2009-10</td>
<td>14,577</td>
<td>15,633</td>
<td>1,053</td>
</tr>
<tr>
<td>2010-11</td>
<td>14,986</td>
<td>15,519</td>
<td>533</td>
</tr>
<tr>
<td>2011-12</td>
<td>*13,752</td>
<td>**14,270</td>
<td>518</td>
</tr>
</tbody>
</table>

* If T-1/T-2 Cuts
** Target
Major Indexes

- Expect 2012-13 student fee increase: $36 ➔ $46
- Projected 2012-13 structural deficit $2.8M "as is"
- 50% Law okay, FON okay
- Categorical support $650K
- Parking fund support $90K
Budget Updates

- If T-1/T-2 cuts adjust
  2011-12 $400K one-time
  2011-12 $350K on-going
- Apportionment adjustment – RDA
  $300K one-time
- Lottery adjustment increase
  Revenue $200K one-time
- Future basic aid?
- Future OPEB obligations
Budget Updates

- Potential property tax deficit
- Potential student fee deficit
- Typically experience positive carryover, 1-2%
- $1.6M prior year
  - District apportionment $400K
  - District expense $400K
  - EVC expense $400K
  - SJCC expense $400K
- Quarterly: analysis – true up
Budget Updates

- Anticipate PG&E rebate $204K
- Solar savings $125K
  - Annualizes in 2012-13
- Enhance adjunct budget management tracking systems
- Potential bookstore operations variance
- Accounts receivable management
Budget Updates

- Position vacancy savings
- Future land lease revenue
- 2012-13 increases:
  - PERS, step/column, initiatives, MIS, research, accreditation standards, medical benefits, OPEB
From the State Perspective

- Mid-year cuts December 15th – triggers
- Structural deficit $3.7B
- Future deficit $10-13B
- Prop 98 estimates + $240M to CC’s
- Multiple tax initiatives
- Governor’s tax proposal
  - ↑$200-400M in 2011-12
  - ↑$700M in 2012-13??
From the State Perspective

- Proposed budget may assume tax revenue & triggers if fail
- So what does it mean???
  - Significant new $
  - Flat funding
  - Cuts
- Stay tuned!
What Does It Mean to SJECCCD?

- We’re rolling a “deficit”
- Good cap margins
- Need “responsive” 2012-13 budget plan to maintain 7% reserve
- Very, very uncertain state picture
What Does It Mean to SJECCD?

- Likely multiple scenarios
- Quarterly update – greater importance
- Colleges/District analysis critical
How Will We Do It?

- Keep budgets updated
- Closely track state
- Budget Committee review - participation
Key Budget Standards

- Structural spending patterns
- Fund balance, cash flow
- Budget monitoring
- MIS, position control
- Internal controls
- Enrollment management
- Leadership, CB agreements, governance
Next Steps

- January 10\textsuperscript{th}: Governor’s proposal
- January-April: analysis, development, recommendations, decisions
- June: adopt Tentative Budget
- July: State Budget Act?
- September: Adopted Budget
- November: tax election results
Keys to Success

- Understand the issues
- Prepare for worst case, status quo, best case
- Provide detail analysis, options
- Collaboration, transparency, resolve collegially with processes
- Regular communications – updates
- Stay together as an organization