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COMMUNITY COLLEGE DISTRICT

# Budget Update Second Quarter Report

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February 14, 2012



# Major Changes From 1<sup>st</sup> Quarter

## 2011-2012 Budget

Tier 1/Tier 2	(\$750K)
Property Tax Deficit	(\$700K)
Student Fee Deficit	(\$1.4M)

4% Loss!



# How does it add up?

## 2011-2012 Budget

Structural deficit	(\$3.1M)
Reserves now	7%
Ending Fund Balance	\$5.4M

All projections!



# What about next year?

## 2012-2013 Budget

Structural deficit P/Y	(\$3.1M)
Revenues up	\$600K
Expenditures up	(\$2.5M)
New structural deficit	(\$5M)
Reserves	\$400K 0.5%
<b>Target to balance</b>	<b>\$5M</b>

All projections!



# Summary of 2012-13 Adjustments

Revenue: Assumes tax measure passes

Expenditures:

PERS	\$428K
Step & Column	\$565K
Medical Premiums	\$600K+
OPEB Burden	\$1.1M
Deficit	\$700K
PG&E Rebate (decrease)	(\$650K)
Adjunct	?



# What might change - TBD

Property tax deficits

Student fee deficits

Tax measure fails

Basic aid relief

Year-end variance

OPEB remarketing

Redevelopment Agency

Other uncertainties/adjustments

It will change!



# Solution Strategies

## Revenue Enhancement

Parking fees

Non-resident tuition

Facility rental

Public private ventures

Other revenues...

## Expenditure Reduction

Enrollment management

Contractual negotiations

Operating budgets

Other expenditure savings...



# How are we going to do it?

- Quarterly updates – very important!
- District Budget Committee – analysis
- “On-going” solutions
- Multiple solutions
- Collaboration, transparency, open dialogue
- Resolve collegially with processes





# The Long-term Outlook

- Appears to be near bottom
- Tax measure critical, \$2013 →
- Basic aid prospects good
- Must fix structural deficit
- Small margins – remain fiscally agile – there will be surprises
- Solve it – get it behind us
- Move forward together as an organization



# Next Steps

February 28: Board workshop

March-May: Analysis, recommendations, decisions

June: Adopt Tentative Budget

July: State Budget Act

September: Adopt Final Budget

November: Tax election results