



san josé • evergreen  
COMMUNITY COLLEGE DISTRICT

# Budget Update

## “State of the District”

D. Smith  
March 22, 2012



## Where we are as a district...

- Finished last year with 11% ending fund balance
- Began this year (2011-12) with
  - 1) Infrastructural deficit  
\$1.3M
  - 2) Projected ending fund balance  
\$9.34%



# What happened?

- Major State cuts in current budget
  - 1) Mid-year Tier 1/Tier 2 triggers cut \$750,000
  - 2) February “surprise” \$2.1M deficit
  - 3) 4% loss!!!



# How do we expect to finish 2011-12?

- At 7% Board required minimum fund balance
- Supported by Workforce Institute fund transfer \$500,000



## How does it look for 2012-13?

- Structural deficit now estimated to be \$4.3M
- Estimate of ending fund balance – near zero – about 1.5%!



# Why is 2012-13 so bad?

- Structural deficit depletes reserves
- Caused by increased costs
  - PERS
  - Step & Column
  - Medical Premiums
  - OPEB Burden
  - Adjunct Costs
- Flat funding – projected 1% deficit



# What are we doing about it?

- February 28, 2012 Board Budget Workshop
  - 1) Reaffirmed budget principles
    - Board create framework
    - Chancellor implement strategies
    - Student centered approach
    - Compliance w/accreditation standards
    - Effective immediately for 2012-13
    - Multiple solutions
    - On-going and one-time



# What are we doing about it?

- February 28, 2012 Board Budget Workshop
  - 2) Confirmed assumptions
    - Will maintain 7% reserve
    - Assumptions using quarterly reports, DBC
    - Will assume tax measure passes
    - Must grow revenue and cut spending on-going and one-time
    - Recognizes that the budget will change and be updated as changes occur





# What are we doing about it?

- February 28, 2012 Board Budget Workshop
  - 3) Reviewed strategies, provided input
    - Resource development
    - Enrollment management
    - Reduce “restricted program” support
    - Eliminate vacancy \$’s
    - Maximize use of other funds
    - Collective bargaining



# What are we doing about it?

- Revised our budget target – now \$4.3M
- Medical premiums – modest increase
- Chancellor's extended Executive Team
- District Budget Committee
  - March 8
  - Painful decisions
  - Influence, ideas, feedback and direction
  - Consensus on most strategies
  - Chancellor direction, Board support



## So how do we stand now?

- Expect to finish 2011-12 at 7%
- 2012-13 \$2.3M rebalancing strategies

**\$2.0M to go!**

- Specifics

1. Increase non-resident tuition \$30K
2. Reduce summer school \$880K
3. Reduce “support costs”
  - Categoricals \$150K
  - Increase parking \$165K
4. Defund positions \$560K
5. Bookstore fund transfer \$500K



# So how do we stand now?

- What else?
  - Specifics continued
    6. More “defunding” \$440K



# How much do we have left to rebalance?

- About \$1.6M
- Need to comb through strategies again w/DBC
- Goal: to achieve target, avoid collective bargaining
- Last option: collective bargaining strategies



## Give us something to hope for...

- State still has an infrastructural deficit – but signs we are near bottom
- Tax measure concessions may drive new money \$1.2M? If it passes.
- Nearing Basic Aid status
- May be approaching the bottom



# The longer term outlook...

- We will get through this
- We will maintain 7% reserves
- We will hit bottom
- We will recover
- We will rebuild
- We will restore



## The longer term outlook...

- It may take a few years
- One-time fixes must be restored with new “base \$’s”





## The big test...

- Tremendous organizational pressure
- Requires sacrifice and commitment
- Every Staff and Student will feel it
- It's not our fault
- But becomes our job to fix
- Must stay together
- Recognize & change with new information



## And under all circumstances...

- Stay together as an organization, keep our focus on the students, and maintain an open, honest, and transparent process!