

RECALIBRATE REDEFINE REIMAGINE

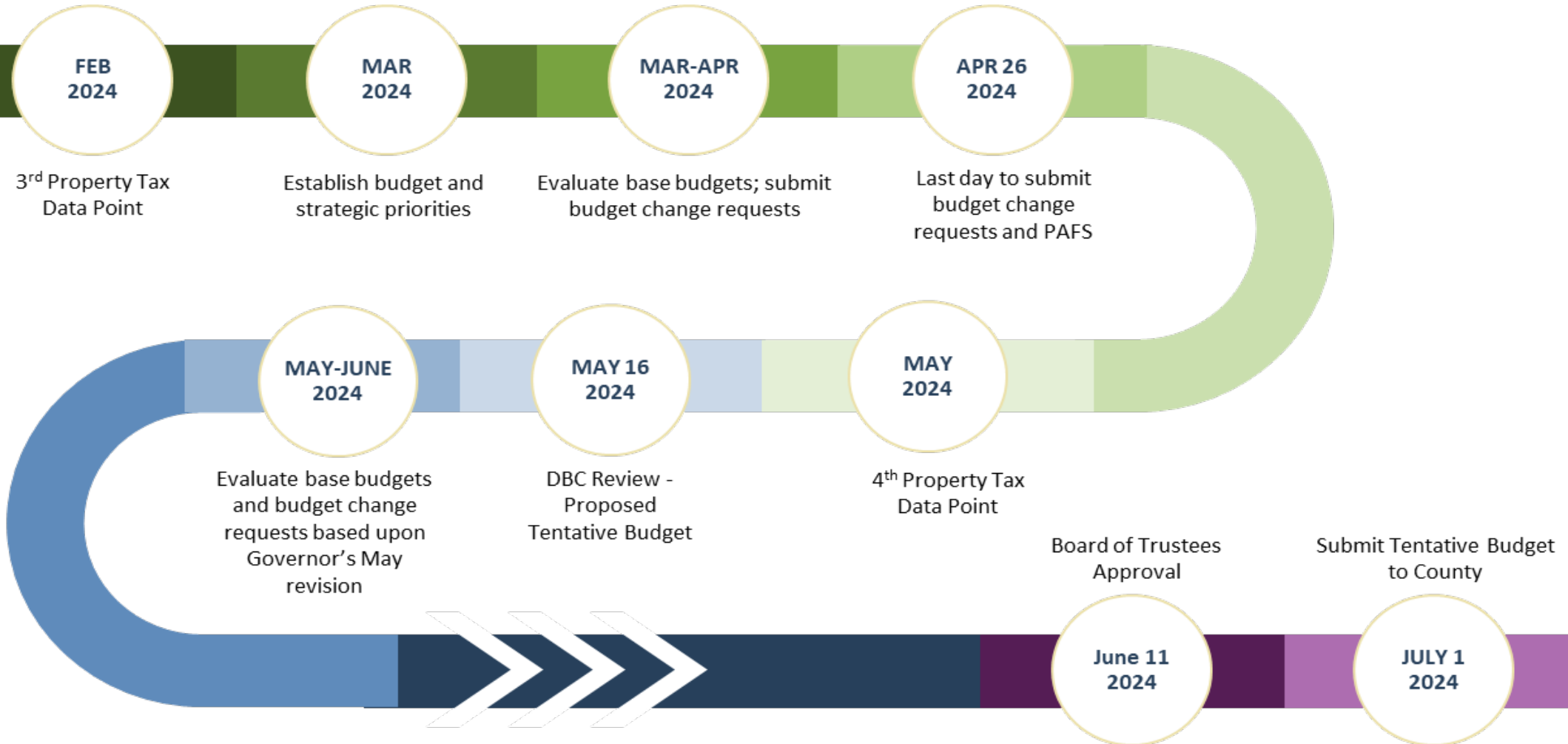
san josé·evergreen
COMMUNITY COLLEGE DISTRICT



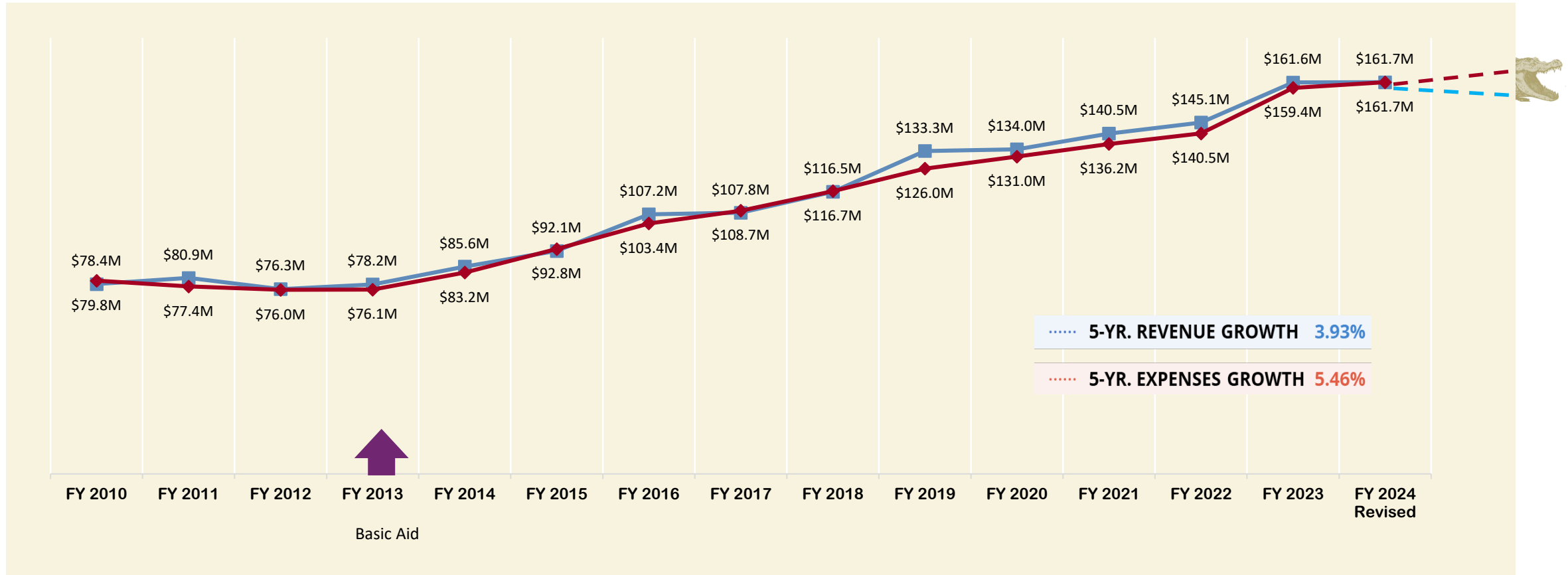
2024-25 Budget Development
Budget Study Session
April 9, 2024

PROCESS & MILESTONES

Key Dates



Rate of Spending Exceeds Revenue Growth



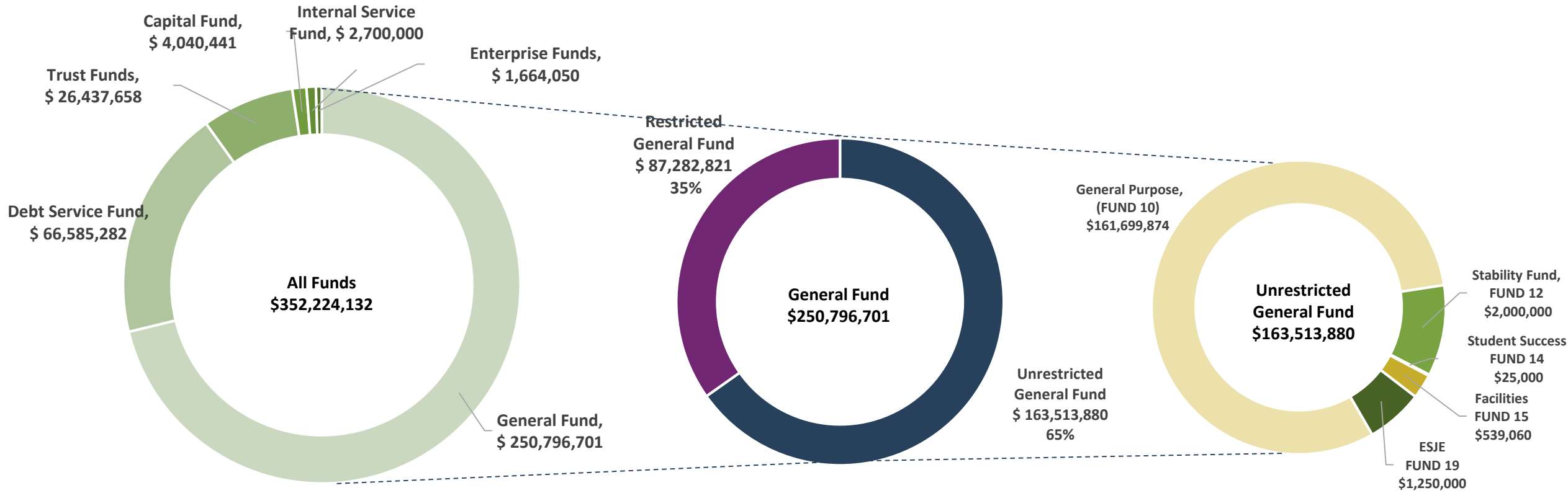


SALARIES DRIVE A LARGE COMPONENT OF EXPENSE GROWTH

Increase in Salaries Since Basic Aid Status

| | STATE COLA | CPI | SJCECD |
|-----------------------|--------------|--------------|--------------|
| FY 2013-14 | 1.6% | 1.5% | 4.3% |
| FY 2014-15 | 0.9% | -0.4% | 4.8% |
| FY 2015-16 | 1.0% | 1.0% | 3.0% |
| FY 2016-17 | 0.0% | 2.1% | 1.5% |
| FY 2017-18 | 1.6% | 2.6% | 6.0% |
| FY 2018-19 | 2.7% | 1.7% | 2.5% |
| FY 2019-20 | 3.3% | 1.2% | 2.5% |
| FY 2020-21 | 0.0% | 5.2% | 5.0% |
| FY 2021-22 | 5.1% | 8.5% | 4.0% |
| FY 2022-23 | 6.6% | 4.5% | 3.0% |
| FY 2023-24 | 8.2% | 3.4% | 6.0% |
| FY 2024-25 | 0.8% | 2.5%* | 4.0% |
| CUMULATIVE | 31.8% | 31.3% | 46.6% |
| AVG % INCREASE | +2.7% | +2.8% | +3.9% |

Revenue Sources (2023-24 Adopted Budget)





HEERF AND COVID FUNDING HAS EXPIRED

More than \$50 Million in One-Time Revenues

| | FY2019-20 | FY2020-21 | FY2021-22 | FY2022-23 | FY2023-24 |
|--------------------------|------------------|------------------|-------------------|-------------------|----------------|
| HEERF Institutional | 267,257 | 4,112,297 | 5,533,277 | 12,021,538 | - |
| HEERF Student | 2,031,919 | 3,111,192 | 12,735,760 | 621,742 | - |
| HEERF MSI | - | 476,904 | 865,677 | 1,095,693 | - |
| Covid-Block | - | 734,635 | 698,476 | 6,713,613 | 700,000 |
| One-Time Revenues | 2,299,176 | 7,700,393 | 19,833,190 | 20,452,586 | 700,000 |

HOW MUCH DOES IT COST TO EDUCATE A STUDENT?

Education Expense



MULTI-YEAR STRUCTURAL GAP

Projected Deficit

| General Fund 10 | Revenue | Cost | Do nothing Budget surplus (deficit) | Cost Management Plan Budget surplus (deficit) |
|-----------------|-----------|-----------|--|--|
| FY 2023-24 | \$ 161.7M | \$ 166.5M | (\$4.8M) | \$0.0 M |
| FY 2024-25 | \$ 167.3M | \$ 172.1M | (\$4.8M) | \$0.0 M |
| FY 2025-26 | \$ 172.9M | \$ 178.9M | (\$6.0M) | TBD |
| FY 2026-27 | \$ 178.5M | \$ 185.5M | (\$7.0M) | TBD |

| | |
|------------------------|----------|
| 2023-24 | \$166.5M |
| + Salary Increase 4% | \$3.5M |
| + Utilities/Insurance | \$0.2M |
| + Contract Services 3% | \$0.6M |
| + Benefits increase 6% | \$1.3M |
| 2024-25 | \$172.1M |

| | |
|------------------------|----------|
| 2023-24 | \$161.7M |
| + Property Tax Growth | \$4.3M |
| + Enrollment Growth | \$1.3M |
| + State Appropriations | \$- |
| 2024-25 | \$167.3M |



ADOPTED 2/13/2018

UPDATED 8/25/2017

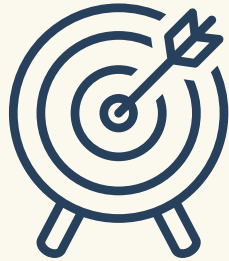
Budget Principles

- Appropriate fund balance & **structural balance**
- Student focused
- Compliance with accreditation standards
- Distinguish **on-going vs. one-time** revenues/expenses
- Maximize student equity and success
- Seek efficiencies and revenue opportunities
- Competitive compensation structure
- **Minimum 7% Unrestricted** General Fund reserve
- District Stabilization Fund
- **Centered on Board Ends Policies** and strategic plan
- 3.5% property tax growth projections
- **Fiscal stability and solvency**
- Use data to inform decision making
- Seed student opportunity and access revenue/Promise from current land-lease proceeds
- **Financially plan and budget for total cost of ownership**

Board Ends Statements

- Develop and utilize systems that promote **institutional effectiveness, fiscal sustainability, and accountability**
- Improve **student success** through a culture of evidence by providing structured educational pathways and continuous support services
- Invest in secure information and instructional technology solutions
- Respond to the workforce needs of Silicon Valley, while supporting economic mobility
- Engage in effective communication with internal and external audiences
- Promote a total work environment

Cost Management



DISTRICT OFFICE WILL TARGET AND COMMIT TO \$1.1 MILLION (OR 23% OF PROJECTED DEFICIT)

District Office (District Services/DS) comprises 13% of total Fund 10 operating budget



REMAINING PORTION WILL BE ALLOCATED TO COLLEGES

Colleges will identify feasible strategies, which will be routed through the College governance process

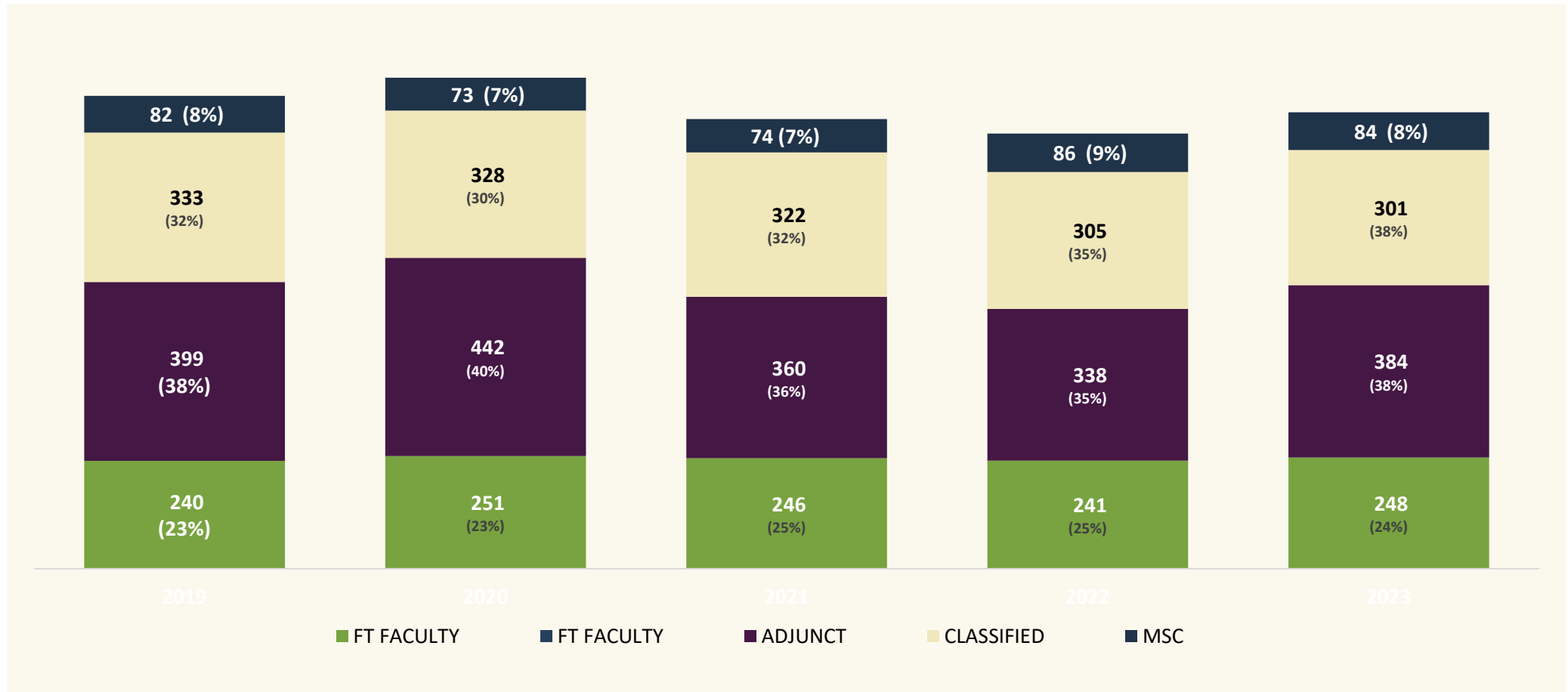
Writing Our Playbook to Financial Stability

- Make Students the Center of Our Decision Making
- Be Focused on Data Driven Insights to Identify Opportunities for Improvement

STAFFING HAS REMAINED RELATIVELY UNCHANGED WHILE ENROLLMENT HAD DROPPED 18.3% FROM 12,883 FTES BEFORE THE PANDEMIC TO 10,516 FTES OVER THE SAME PERIOD

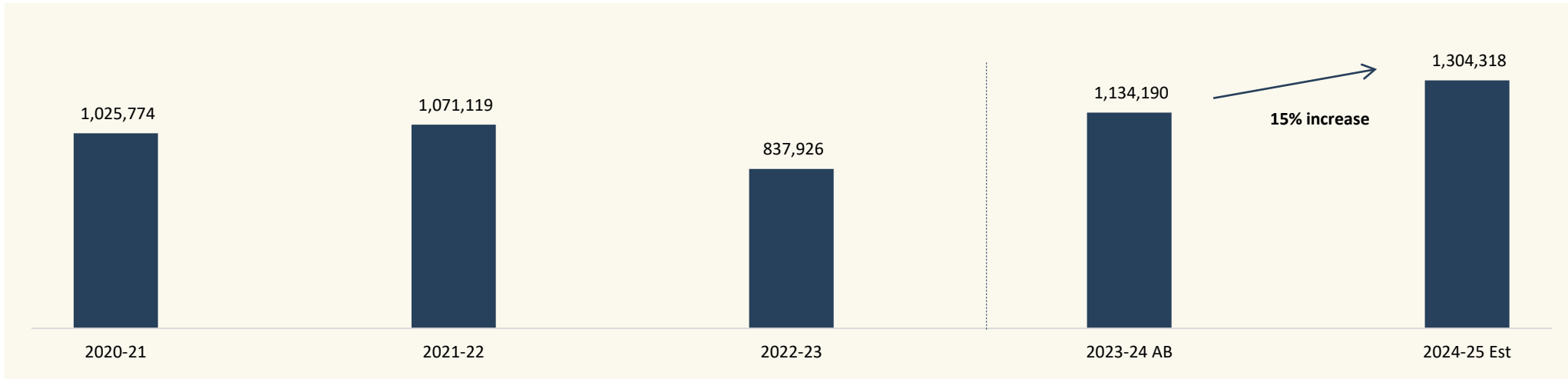
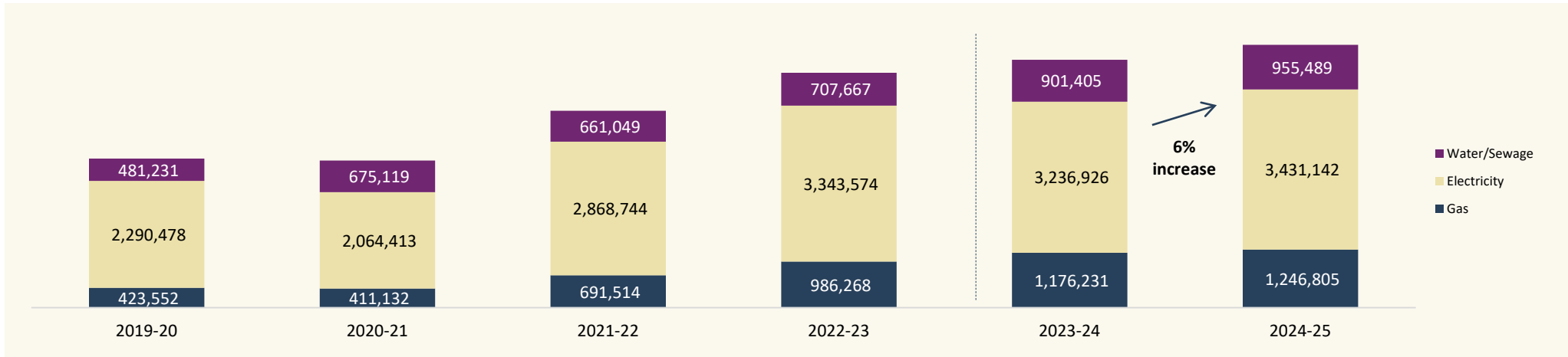
Position Control Summary

Estimated Fall 2024 P1 FON: 183.6; Fall 2023 Compliance FON 170.8



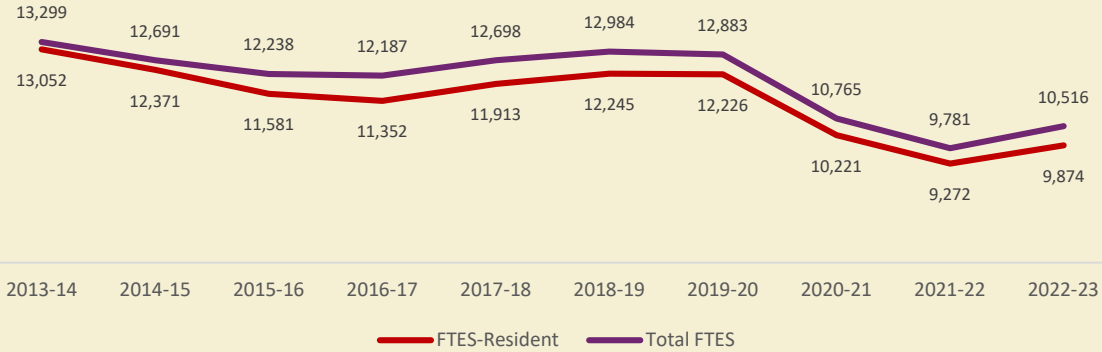
INCREASING COST OF DOING BUSINESS

Insurance and Utilities Cost



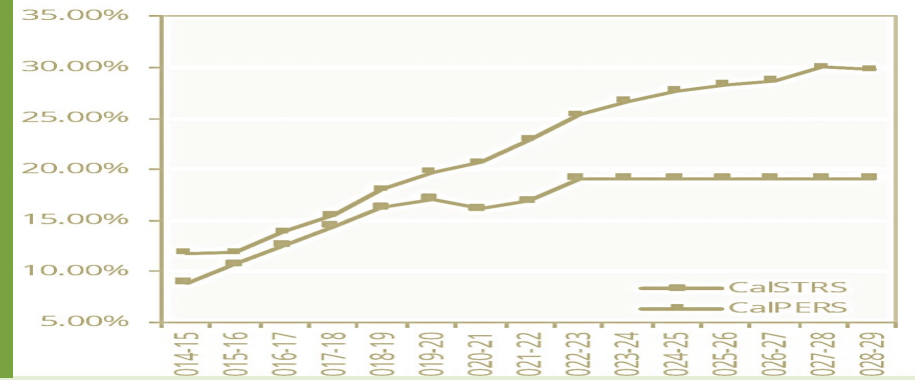
DYNAMIC MACRO ENVIRONMENT

Additional Considerations



Total FTES dropped 20% over the last 10 years

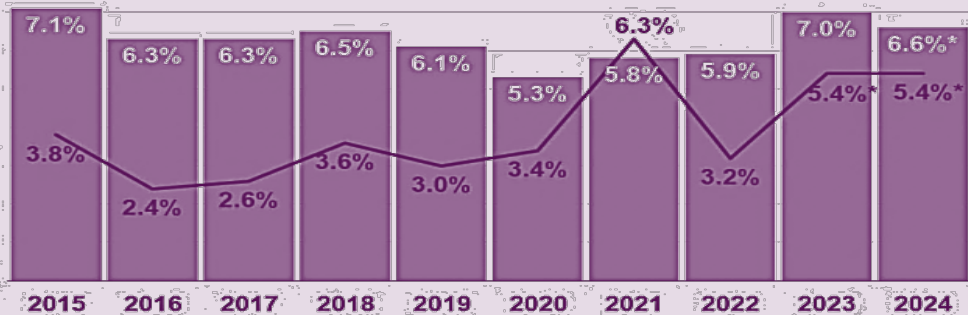
Increase in PERS contributions will cost the district an incremental \$4.1 million over the next 5 years



Estimated cost increase to renew health plans with no changes

Actual increase after health plan changes

*Projected 2024 results are based on preliminary data. Beginning in 2020, results are based on employers with 50 or more employees.



State Faces Serious Budget Problem in 2024-25, and Significant Operating Deficits in Future Years (In Billions)

