Adopted Budget

FY2018/2019

September 11, 2018
## Our Current Budget Status

<table>
<thead>
<tr>
<th></th>
<th>FY2016/17 Actuals</th>
<th>Percentage</th>
<th>FY2017/18 Unaudited Actuals</th>
<th>Percentage</th>
<th>FY2018/19 Adopted Budget</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$16,428,949</td>
<td>15.9%</td>
<td>$15,591,265</td>
<td>14.3%</td>
<td>$15,307,106</td>
<td>13.1%</td>
</tr>
<tr>
<td>Revenues</td>
<td>$107,835,455</td>
<td></td>
<td>$116,463,463</td>
<td></td>
<td>$125,742,632</td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td>$108,700,657</td>
<td></td>
<td>$116,747,622</td>
<td></td>
<td>$122,681,407</td>
<td></td>
</tr>
<tr>
<td>Discount Factor</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
<td></td>
<td>($2,159,193)</td>
<td></td>
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<tr>
<td>Total Expenditures</td>
<td>$108,700,657</td>
<td></td>
<td>$116,747,622</td>
<td></td>
<td>$120,522,214</td>
<td></td>
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<tr>
<td>Net Change in Fund Balance</td>
<td>($865,202)</td>
<td></td>
<td>($284,149)</td>
<td></td>
<td>$5,220,418</td>
<td></td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$15,563,747</td>
<td>14.3%</td>
<td>$15,307,106</td>
<td>13.1%</td>
<td>$20,527,524</td>
<td>17.0%</td>
</tr>
</tbody>
</table>
**Major Underlying Budget Assumptions**

Factors new property tax revenue.
- First data point 4.39%
- $4,269,056 ongoing
- $2,471,000 one-time RDA settlement

Does not factor collective bargaining changes to FY2018-19 salary schedule.

Includes new cost of step and column advances.
Major Underlying Budget Assumptions

- Includes Golden Handshake expenses and net changes to staffing.
- 8.84% increase to Blue Cross and 15.5% increase to Kaiser.
- 0.60% increase to dental premiums and 48.5% increased premium costs for vision care.
Major Underlying Budget Assumptions

- The STRS rate increase to 16.28% (1.85% increase) of STRS payroll.

- The PERS rate increase to 18.06% (2.53% increase) of PERS payroll.

- The discount factor of unspent allocations are factored at 1.76% which are historical trends.
Major Underlying Budget Assumptions

- Property tax escalation in out years assumes 3.5% increase.
- Adopted Budget includes $1.7M in one-time dollars for part time office hours.
Ending Fund Balance (General Fund 10)

- General Fund %
- Actual
- Projected

Yearly Ending Fund Balance:
- 01/02: 9.10%
- 02/03: 11.80%
- 03/04: 14.65%
- 04/05: 14.80%
- 05/06: 8.39%
- 06/07: 7.81%
- 07/08: 6.22%
- 08/09: 10.99%
- 09/10: 11.59%
- 10/11: 14.39%
- 11/12: 16.14%
- 12/13: 13.60%
- 13/14: 15.89%
- 14/15: 14.31%
- 15/16: 13.11%
- 16/17: 17.03%
- 17/18: 19.91%
- 18/19: 24.74%
- 19/20: Est.
- 20/21: Est.
## UNRESTRICTED GENERAL FUNDS ENDING FUND BALANCES
### FY2016-17

<table>
<thead>
<tr>
<th>Bay 10 Districts</th>
<th>Basic Aid Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEST VALLEY 43.5%</td>
<td>WEST VALLEY 43.5%</td>
</tr>
<tr>
<td>OHLONE 32.1%</td>
<td>SOUTH ORANGE 29.7%</td>
</tr>
<tr>
<td>SAN MATEO 25.8%</td>
<td>SAN MATEO 25.8%</td>
</tr>
<tr>
<td>FOOTHILL-DE ANZA 25.6%</td>
<td>MIRACOSTA 23.5%</td>
</tr>
<tr>
<td>SAN FRANCISCO 24.3%</td>
<td>MARIN 16.7%</td>
</tr>
<tr>
<td>CHABOT-LAS POSITAS 19.5%</td>
<td>SIERRA 14.0%</td>
</tr>
<tr>
<td>MARIN 16.7%</td>
<td>SAN JOSE-EVERGREEN* 13.5%</td>
</tr>
<tr>
<td>CONTRA COSTA 15.9%</td>
<td>NAPA 12.6%</td>
</tr>
<tr>
<td>SAN JOSE-EVERGREEN* 13.5%</td>
<td></td>
</tr>
<tr>
<td>PERALTA 5.8%</td>
<td>Basic Aid Average 22.7%</td>
</tr>
<tr>
<td>Bay 10 Average 22.0%</td>
<td>Statewide Average 20.2%</td>
</tr>
</tbody>
</table>

Source: CCCCO

* As of the last actuarial study the District has no OPEB liability
Current Board of Trustees Principles

1) Trustees to provide the Chancellor and staff with policy framework for managing an “appropriate” fund balance and structural balance.

2) Affirm a “student-centered” approach that ensures our values of opportunity, equity, and social justice.

3) Compliance with accreditation standards.
Budget Principles

Current Board of Trustees Principles

4) Distinguish between on-going vs. one-time resources and expenses.

5) Manage all resource allocations or funding reductions systematically to maximize student equity and success.

6) Seek efficiencies and revenue opportunities.
Budget Principles

Current Board of Trustees Principles

7) Establish and maintain an employee salary and compensation structure that is competitive among the Bay 10 Community College Districts.

8) Maintain a minimum 7% Unrestricted General Fund reserve consistent with board policy.
District Stabilization Fund:

- Board authority required to access.
- Access during economic downturn.
- Access to avoid or delay staffing reductions for non-grant funded positions.
- Replenish in healthy fiscal times.
- Allocate $250,000 in any given year when property taxes are above 6% and an additional $250,000 in any given year when property taxes are above 7%.
- Cap Stabilization Fund at $2.5M.
10) Establish and maintain a balanced funding model that is centered on our mission, vision, values, Board Ends Policies, and Strategic Priorities.

11) Property Tax projections will be based on 3.5% growth and will be adjusted each period based on County Tax Collector updates.

12) Adopted Budgets and Quarterly Reports will include long-term revenue and expenditure forecasts, enrollment trends, and financial risk analysis.
13) Use data to inform decision making.

14) Seed Student Opportunity and Access Revenue/Promise from current land-lease proceeds.

15) Financially plan and budget for total cost of ownership, including building-related expenses and program-related expenses.
Sound Fiscal Management Checklist

1. Deficit Spending
2. Fund Balance
3. Enrollment
4. Unrestricted General Fund Balance
5. Cash Flow Borrowing
6. Bargaining Agreements
7. Unrestricted General Fund Staffing %
8. Internal Controls

Source: Chancellors Office – California Community Colleges
Sound Fiscal Management Checklist

9. Management Information Systems
10. Position Control
11. Budget Monitoring
12. Retiree Health Benefits
13. Leadership/Stability
14. District Liability
15. Reporting

Source: Chancellors Office – California Community Colleges
Annual Credit Enrollment History

Evergreen Valley College

Source: Institutional Effectiveness and Student Success
Based on Full Time Equivalent Student (FTES)
Annual Credit Enrollment History
San Jose City College

Source: Institutional Effectiveness and Student Success
Based on Full Time Equivalent Student (FTES)
Annual Credit Enrollment History
Total District

Source: Institutional Effectiveness and Student Success
Based on Full Time Equivalent Student (FTES)
San Jose City College
Certificates, Degrees and Transfers

Source: Institutional Effectiveness and Student Success
Our Actual Property Tax History

Property Tax History

San José Evergreen Community College District

Property Tax Increase
Property Tax Decline

Base
Property Tax Increase
Property Tax Decline

FY 00/01 FY 01/02 FY 02/03 FY 03/04 FY 04/05 FY 05/06 FY 06/07 FY 07/08 FY 08/09 FY 09/10 FY 10/11 FY 11/12 FY 12/13 FY 13/14 FY 14/15 FY 15/16 FY 16/17 FY 17-18 FY 18-19

$120M
$100M
$80M
$60M
$40M
$20M
$M

10.36% 6.17% 1.90% 8.43% 9.26% 7.20% 9.32% 2.93% 7.20% 2.57% 8.47% 10.28% 6.57% 6.18 8.86% 4.39%
General Fund New On-going Property Tax Change History

Percentage Changed in Property Tax

-6.0% -4.0% 0.0% 2.0% 4.0% 6.0% 8.0% 10.0% 12.0%

General Fund New On-going Property Tax Change: Data Points

2013 - 2018

-2.00% 0.00% 2.00% 4.00% 6.00% 8.00% 10.00% 12.00%


August November February May June

-0.30% 5.28% 7.31% 3.67% 2.92% 4.39% 2.46%

5.87% 7.69% 7.83% 3.96% 4.94% 8.82% 3.21%

6.02% 6.32% 6.77% 4.54% 6.04% 10.10% 4.54%

6.57% 6.02% 8.47% 6.46% 6.83% 6.32% 6.19%

4.94% 6.04% 7.97% 7.69% 8.63% 8.86% 4.39%

1.00% -0.30% 5.28% 3.67% 2.92% 4.39% 2.46%
State Budget Act FY2018-2019

Ongoing Dollars

1. New funding formula (70-20-10), (65-20-15), (60-20-20)
   
   Student Centered Formula: $270M,
   - Base allocation (primarily credit FTES)
   - Supplemental allocation (counts low income students)
   - Student Success allocation (counts outcomes)

2. $50M full-time faculty ongoing.
3. Integration of student support services:
   - Consolidation of Student Success and Support, Student Equity and Basic Skills
   - Now: Student Equity and Achievement Program

4. Student Success Completion Grant Program: $41M.

5. California College Promise Program: $46M.
6. California Online Community College: $20M.

7. Financial Aid technology systems: $5M.
State Budget Act FY2018-2019

One-Time Dollars

1. California Online Community College: $100M.

2. Part-time faculty office hours: $50M.

3. Online Education Initiative: $35M.

4. Physical plant and instructional support: $28M.

5. Financial Aid technology systems: $13M.

6. Pathways in STEM fields: $10M.
It’s good to be a Community Funded District.

Total revenue entitlement: $74M.

Total estimated “Basic Aid”: $36M.

New property taxes: 4.39% base increase, $2.4M RDA one-time dollars.

Long term financial outlook remains solid.

The reserves are good.
The carryovers create opportunity.

The categorical grant support is outstanding.

Internal controls are good, audits are outstanding, meeting all statewide measures.

We are off to a great financial beginning.

The budget is ready for adoption!