



san José • evergreen  
COMMUNITY COLLEGE DISTRICT

# Budget Update “State of the District”

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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

## EFB History

2006-07	14.6%
2007-08	8.2%
2008-09	7.8%
2009-10	6.2%
2010-11	11.0%



# Major Indexes

## Enrollment Management (Credit)

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

\* 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 SJECCD?

- 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<sup>th</sup>: 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