Budget Update

FY2015/2016

Third Quarter Budget Report

May 10, 2016
# Budget Overview

## Estimated Actuals

**2015-2016**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$12,646,465</td>
<td>13.6%</td>
</tr>
<tr>
<td>Revenues</td>
<td>$103,437,493</td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td>$99,811,711</td>
<td></td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$16,272,247</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

*D. Smith

DOC: A-FINAL_05-10-2016_BOT_THIRD_QUATER_BUDGET.pptx*
## The Out-Years

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFB</td>
<td>$16.3M</td>
<td>$14.6M</td>
<td>$14.4M</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$101.2M</td>
<td>$102.1M</td>
<td>$104.7M</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$103.4M</td>
<td>$103.8M</td>
<td>$106.1M</td>
</tr>
<tr>
<td>Discount Factor</td>
<td>$(1.5M)</td>
<td>$(1.5M)</td>
<td>$(1.6M)</td>
</tr>
<tr>
<td>Total Expense</td>
<td>$101.9M</td>
<td>$102.3M</td>
<td>$104.5M</td>
</tr>
<tr>
<td>EFB</td>
<td>$14.6M</td>
<td>$14.4M</td>
<td>$14.6M</td>
</tr>
</tbody>
</table>

D. Smith  
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Major Budget Assumptions & Activities
FY2015-2016

- Property taxes at 5.84%.
  - Final index received in June.
- Allocates $1.2M to Colleges and WFI (one-time dollars).
- Redirected $500,000 of interpreter expenses from Colleges to District-Wide.
- Redirected utility curtailment participation rebates to the Colleges.
Major Budget Assumptions & Activities
FY2015-2016

- Experienced significant categorical increases to EOPS, SSSP, and Student Equity.
- Created an International Student Incentive Program to stimulate enrollment growth.
- Allows entities to carryover unspent discretionary budgets.
Major Budget Assumptions & Activities
FY2015-2016

Allocates $500,000 to the Financial Stabilization Fund.

Includes benefit increases: STRS, PERS, and Health and Welfare premiums.

Does not include any collective bargaining salary settlements.
Major Budget Assumptions
The “Out-Years”

- Property tax growth rate at 3.5% above base.

- Applies an Experience Discount Factor of 1.48% between estimated budgets and projected actuals.
Major Budget Assumptions
The “Out-Years”

Factors STRS & PERS increases at approximately 2% annually.

Does not include H&W JPA discussions under consideration.

Does not factor in any future collective bargaining salary schedule agreements.
Major Budget Assumptions
The “Out-Years”

Assigns $750,000 for the new cost of staffing and operations at Milpitas, beginning in FY2016-17.

FY2016-2017 provided two additional full-time Faculty to each College.
Final Thoughts

May Revise, publishes mid-month, watch for one-time dollars.

Up the road uncertainty:

- Prop 30 sunsets 12-31-2017, $1.2M.
  - Renewal subject to passage of State initiative.

- Pace of property tax rate increase has slowed by 4% from prior year.
Final Thoughts

State budget revenue growth appears to be slowing.

Budget Allocation Model is under review.

Our allocation processes must be thoughtful and participatory to achieve the objectives of the accreditation standards.

Always prepare and plan for our long term stability as we provide new resources for our colleges, students, and classrooms.
Next Activity:

June 14, 2016

Tentative Budget