



san José • evergreen  
COMMUNITY COLLEGE DISTRICT

# Tentative Budget

FY2017/2018

June 13, 2017

# Our Current Budget Status



Includes adjusted estimated salary schedule change:

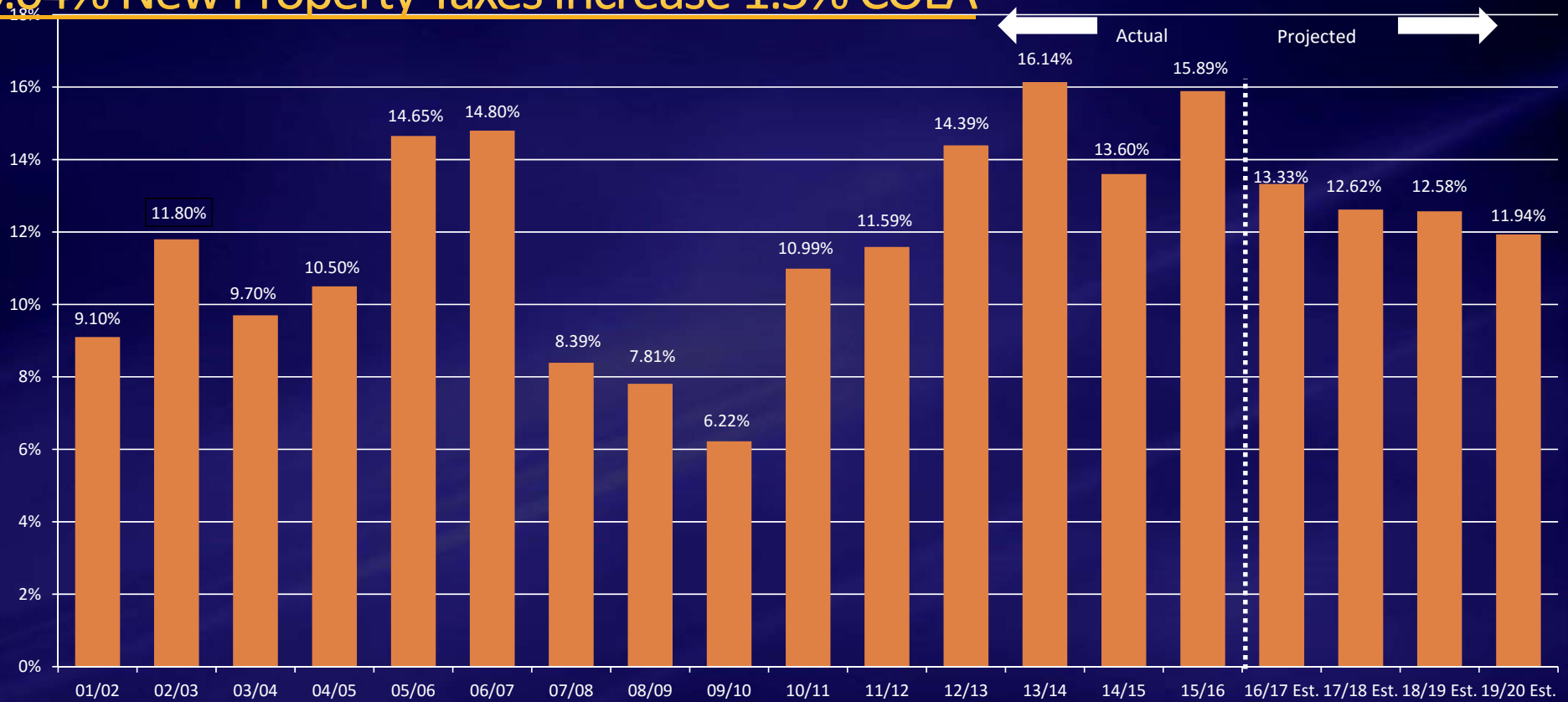
	FY2016/17 <u>Estimated Actuals*</u>	<u>Percentage</u>	FY2017/18 <u>Tentative Budget*</u>	<u>Percentage</u>	FY2018/19 <u>Estimated Budget*</u>	<u>Percentage</u>
Beginning Fund Balance	\$16,428,949	15.9%	\$14,602,045	13.3%	\$13,882,983	12.6%
Total Revenues	\$107,747,883		\$109,266,752		\$112,090,574	
Total Expenditures						
Personnel	\$92,305,703	84.2%	\$94,757,993	84.8%	\$97,081,687	85.4%
Operations	\$17,269,084	15.8%	\$16,993,495	15.2%	\$16,602,708	14.6%
Total	\$109,574,787		\$111,751,488		\$113,684,395	
Discount Factor	0		(\$1,765,674)		(\$1,796,213)	
Total Expenditures	\$109,574,787		\$109,985,814		\$111,888,182	
Net Change in Fund Balance	(\$1,826,904)		(\$719,062)		\$202,392	
Ending Fund Balance	\$14,602,045	13.3%	\$13,882,983	12.6%	\$14,085,375	12.6%

\*As adjusted for estimated FY2016-17 pending contract settlements.



# Ending Fund Balance (General Fund 10)

## 6.04% New Property Taxes Increase 1.5% COLA



Based on FY2017-2018 Tentative Budget:

1. New property taxes increase at 6.04% in FY2016-17
2. COLA 1.5% for all groups effective July 1, 2016
3. Increase longevity award for CSEA effective July 1, 2017
4. Includes discount factor 1.58%

■ General Fund %



## Major Underlying Budget Assumptions

- Pending FY2016/17 collective bargaining agreements will be ratified.
- Property tax growth will be 3.5% in FY2017/18 and out-years.
- Medical premium increases for Blue Cross and Kaiser will be 15% and 5% respectively in FY2018/19 and out-years.
- STRS & PERS rate increases will continue to escalate resulting in substantial new costs.



## Major Underlying Budget Assumptions

- The discount factor of unspent allocations will occur at 1.58% in the out-years, which are the historical trends.
- Tentative budget does not include a set-aside for additional staffing or collective bargaining agreements.

# General Fund Unrestricted End Fund Balances

FY2015-16



## Bay 10 Districts

WEST VALLEY/MISSION	44.1%
FOOTHILL-DEANZA	33.9%
OHLONE	33.4%
SAN FRANCISCO	30.0%
SAN MATEO	23.5%
CHABOT-LAS POSITAS	22.8%
CONTRA COSTA	22.5%
<b>SAN JOSE-EVERGREEN</b>	<b>*17.8%</b>
PERALTA	14.7%
MARIN	<u>13.1%</u>
<b>Bay 10 Average</b>	<b>25.6%</b>

## Basic Aid Districts

WEST VALLEY/MISSION	44.1%
SOUTH ORANGE	28.9%
SAN MATEO	23.5%
MIRACOSTA	21.9%
SIERRA	21.3%
<b>SAN JOSE-EVERGREEN</b>	<b>*17.8%</b>
MARIN	<u>13.1%</u>
<b>Basic Aid Average</b>	<b>24.4%</b>
<b>Statewide Average</b>	<b>17.6%</b>

\*Includes Stabilization Fund, Student Success Enhancement Fund and Facility Rental Fund

# 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

# 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



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

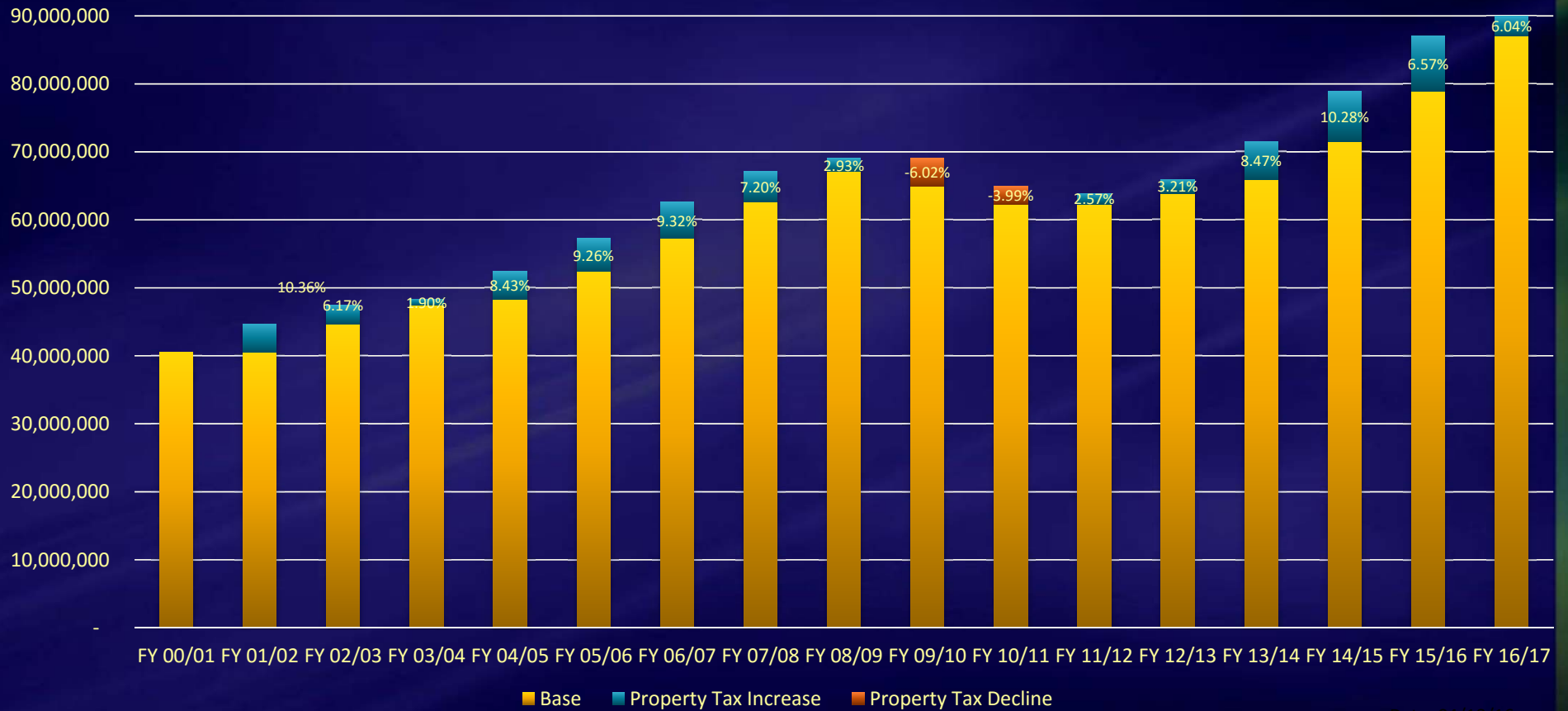
2013 - 2017



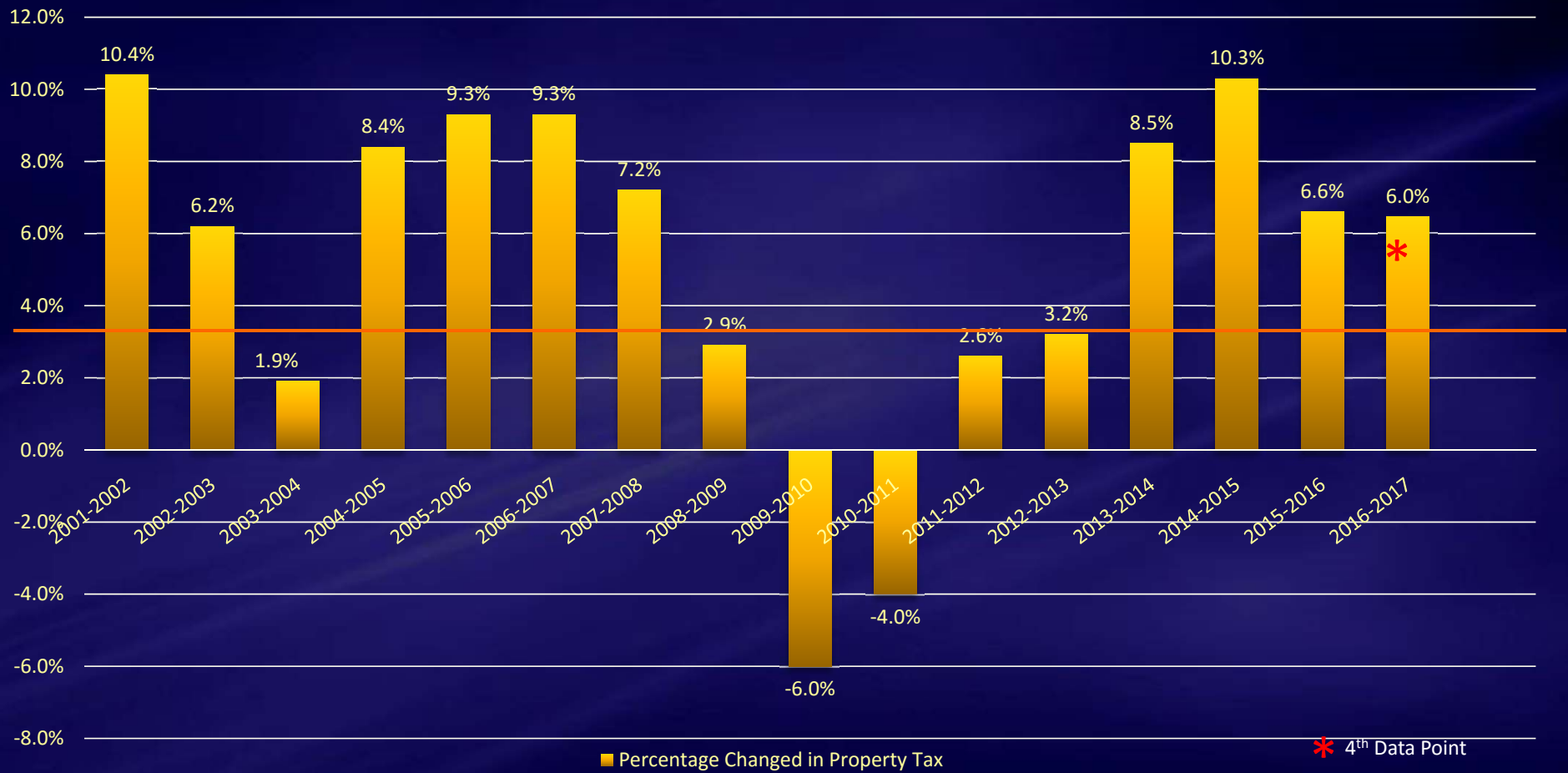
# Our Actual Property Tax History



## Property Tax History



# On-going Property Tax Change History





## Board of Trustee Budget Principle No. 9: Discussion

### District Stabilization Fund

1. Board authority required to access.
2. Access during economic downturn.
3. Replenish in healthy fiscal times.
4. At fiscal year-end, transfer up to \$500,000 of one-time money, when the general fund balance finishes above 10%.
5. Cap stabilization fund at \$2.5M.



## Board of Trustee Budget Principle No. 9: Discussion

1. Estimated ending fund balance is 13.3%.
2. Economy appears to have peaked based on local property tax measures.
3. Governor Brown “The longest economic recovery on record is ten years, and we’re now in our eight year of growth.”



## Board of Trustee Budget Principle No. 9: Discussion

How much money should be transferred to the Stabilization fund?

1. \$100,000
2. \$250,000
3. \$500,000
4. Other

Action should be part of motion to adopt the Tentative Budget.

# Tentative Budget Summary



1. Draws on reserves by \$719,063.
2. Good fund balance at 12.6%.
3. Revenues and Expenditures are nearly balanced in the out-years.
4. Assumes property taxes grow at 3.5%.
5. Property taxes drive 80% of the budget.
6. Keep an eye on economic trends.

# Tentative Budget Summary



- The Tentative Budget is ready for adoption.
- The motion to adopt should include the amount of the dollar transfer to the Stabilization Fund.