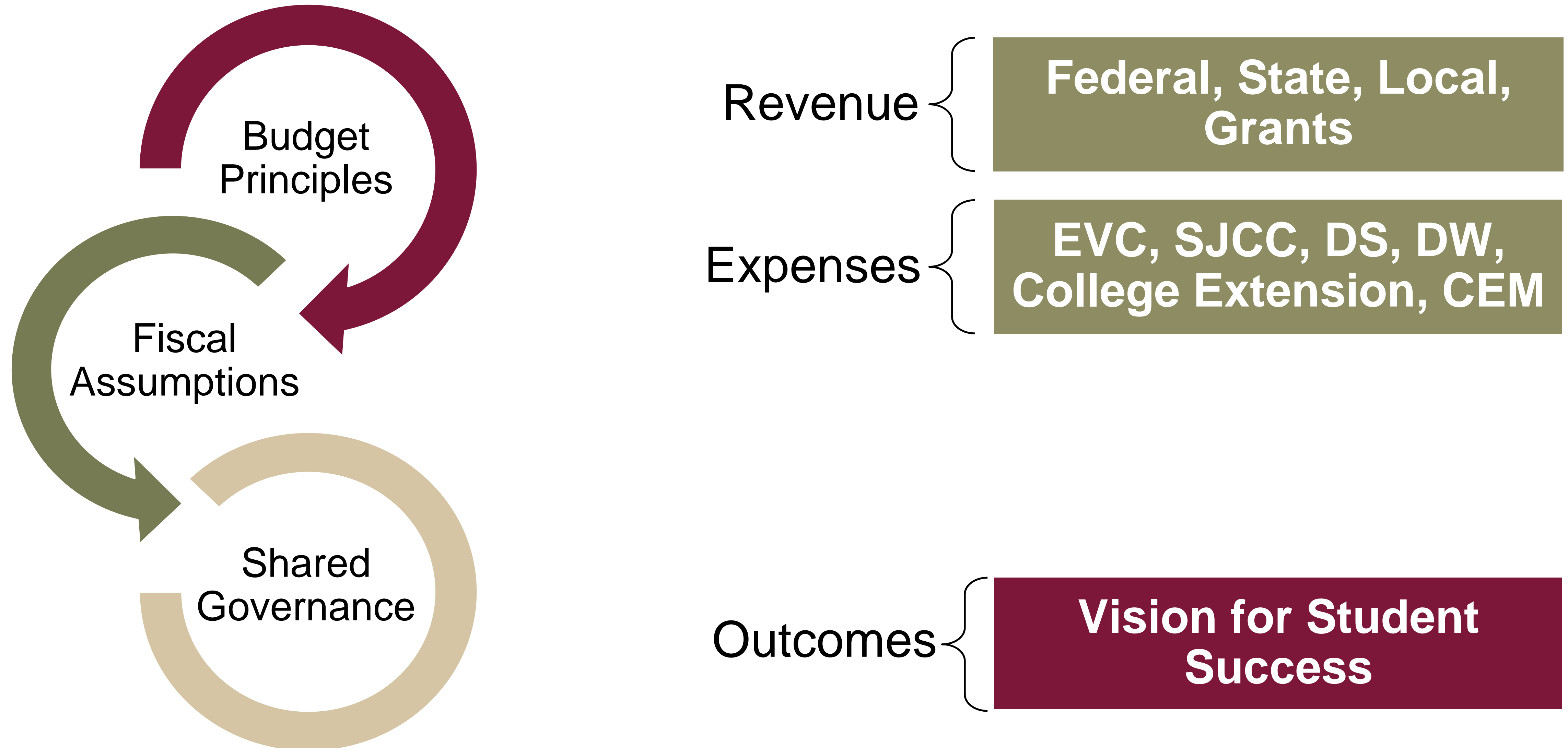




BOARD OF TRUSTEES BUDGET STUDY SESSION

**2nd Quarter ending December 31, 2018 and
Budget Development Process**

ELEMENTS OF OUR BUDGET PREPARATION



An integrated process to strategically allocate resources to reach outcomes.

They Are:

- General budget guidelines.
- Overarching values for prioritization and resource allocation.
- Overarching values to help frame and guide budget deliberations.
- Provide a standard against which our fiscal performance will be judged.

15 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.**
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.**
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.

15 CURRENT BOARD OF TRUSTEES PRINCIPLES

9. **District Stabilization Fund: \$2.5M**
10. **Establish and maintain a balanced funding model** that is centered on our mission, vision, values, Board Ends Policies, and strategic plan.
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.

FISCAL ASSUMPTIONS: KEY METRICS

**Average unit cost State-wide
\$265**

**1% compensation
\$1.3M**

**1% reserve
\$1.6M**

**50% law
50.04**

**Average unit cost SJECCD
\$356**

**1% property tax
\$975K**

**Step/column
\$1.1M**

**FON
187.8**

FISCAL ASSUMPTIONS

	Adopted 2017-2018	Q2 (e) 2018-2019	Forecast 2019-2020
On-going Property Taxes (Annual Increase)	4.94 %	4.55%	3.5%
Health Premiums Blue Cross	8.51 %	8.84%	4-7%
Health Premiums Kaiser	5.88%	15.5%	4-7%
Statutory Premiums STRS	14.43 %	16.28%	17.10%
Statutory Premiums PERS	15.53 %	18.06%	20.7%
Discount Factor		1.76%	1.76%

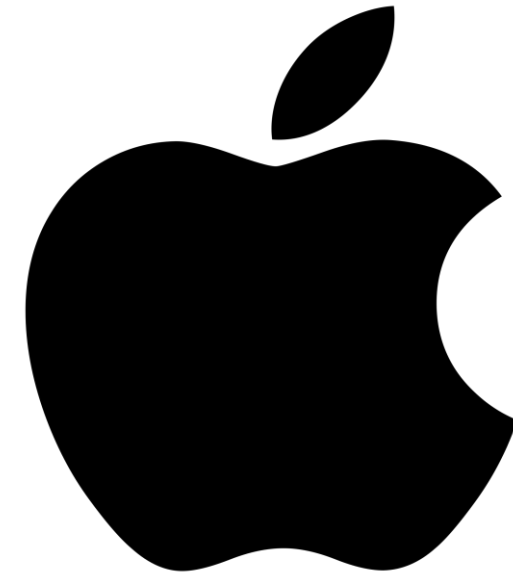


REVENUE:

Community Funding “Basic Aid”

Aerial picture City of San Jose South-West angle

TOP TAX PAYERS (in millions)



\$56.18



\$51.80



\$49.50



\$18.22



\$16.96



\$11.76



\$10.55

Santa Clara County Assessment Roll \$483 billion

Latest tax point **4.55%**

A TALE OF TWO CITIES



San Jose tops list for least affordable housing in U.S. Alameda, San Mateo and Contra Costa counties close behind – The Mercury News



As San José Teachers Grapple With High Housing Costs, Officials Turn to Neighboring Cities for Affordable Solutions - NBC Bay Area News

Garage converted into 1bedroom 1 bath for rent

\$1,650

San Jose, CA

Posting for a friend his number ask for Javier is deposit \$1650.00 private entrance and 1 car parking in drive way

Call Javier at (408)854-1023

Si están interesados llaman al 4088541023



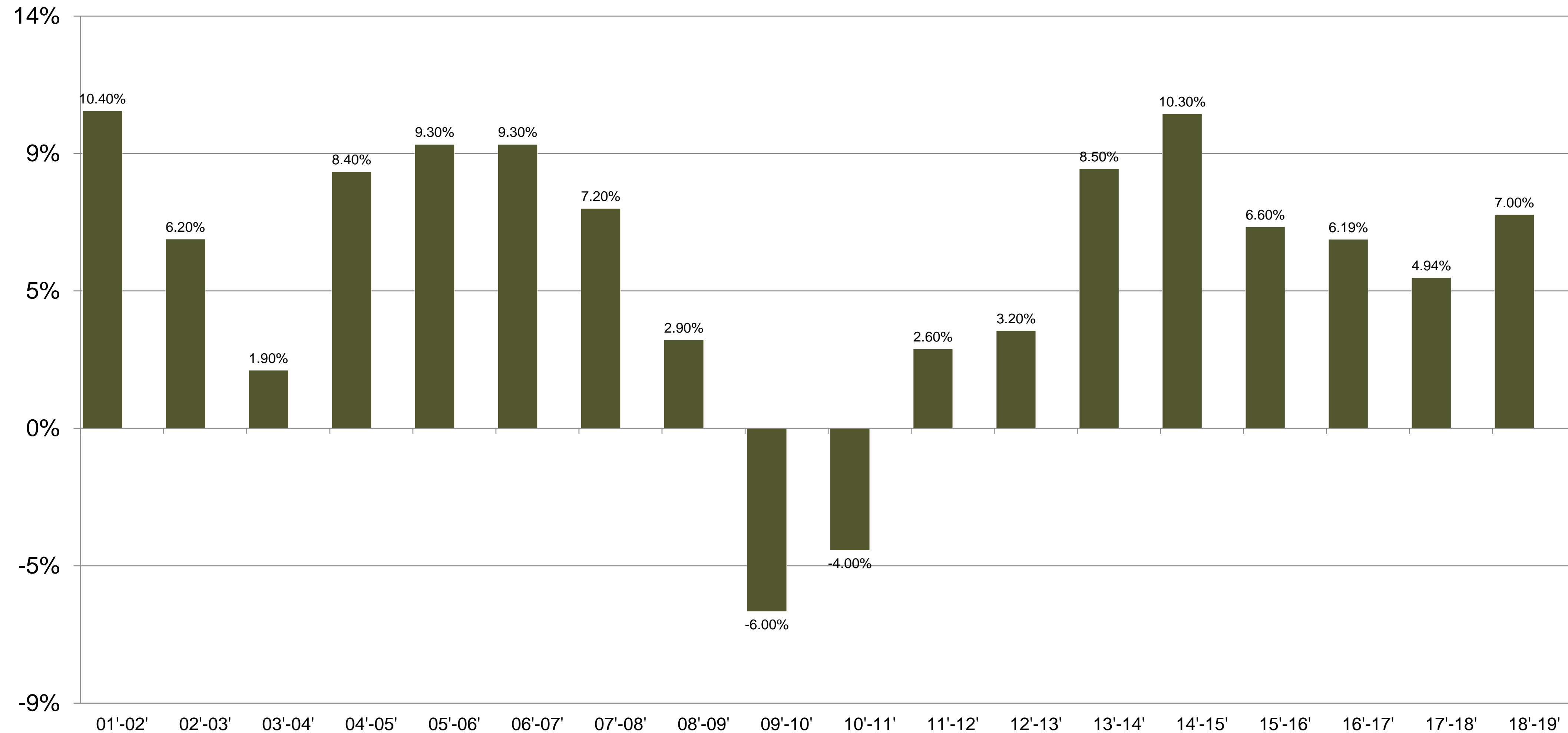
PROPERTY TAX REVENUE SUPPORTS:

- 8 Elementary School Districts
- 6 High School Districts
- County Office of Education
- 4 Community College Districts

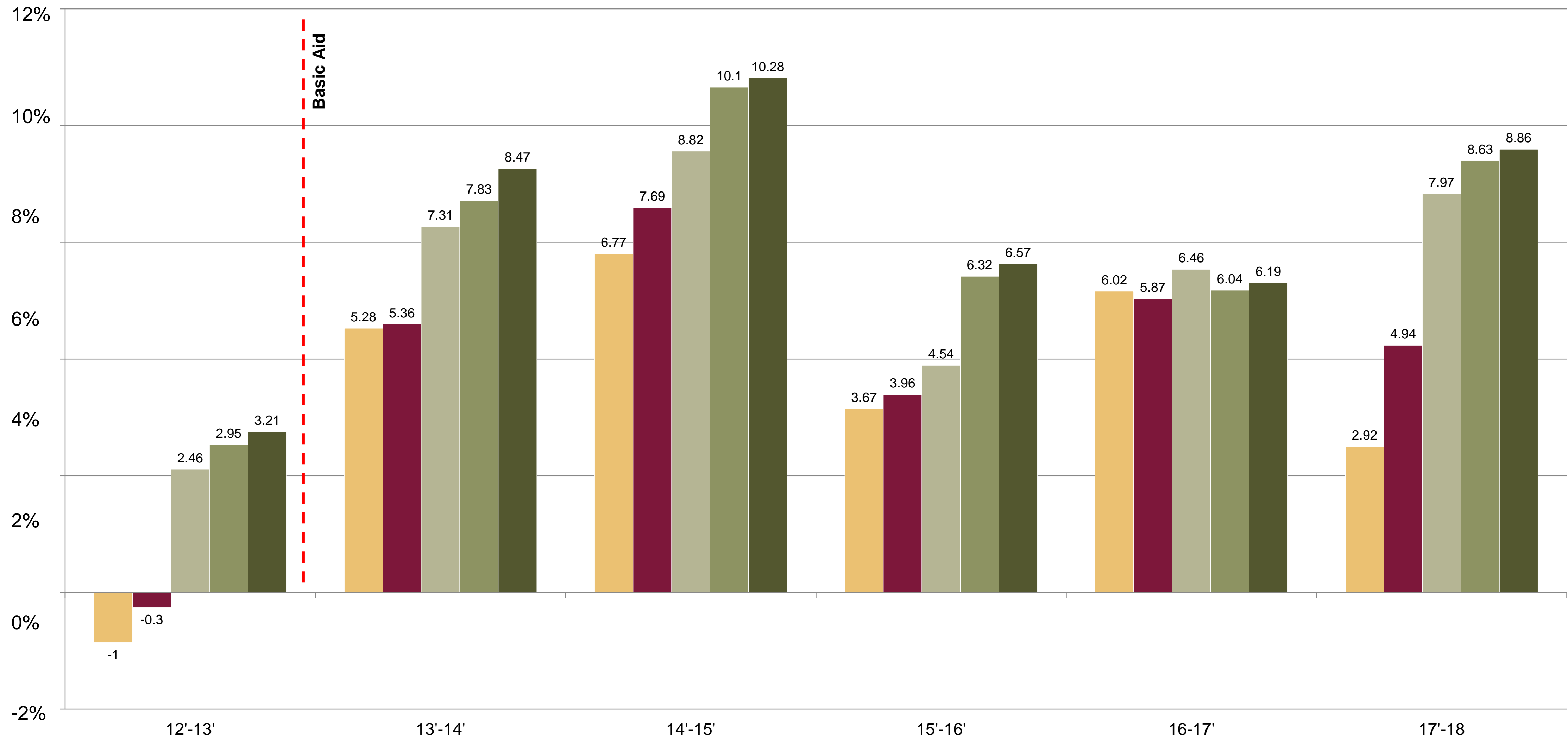
SJECCD SHARE

FY2017-2018 (actual)	2017-2018 Actuals	2018-2019 Estimated Q2	2018-2019 Estimated Q3
Secured & unsecured roll	\$86.32 M		\$92.2 M
RDA, supplemental, other	\$10.89 M		\$9.4 M
Total	\$97.34M		\$101.6 M
Variance from previous period	8.86%	3.87%	4.55%

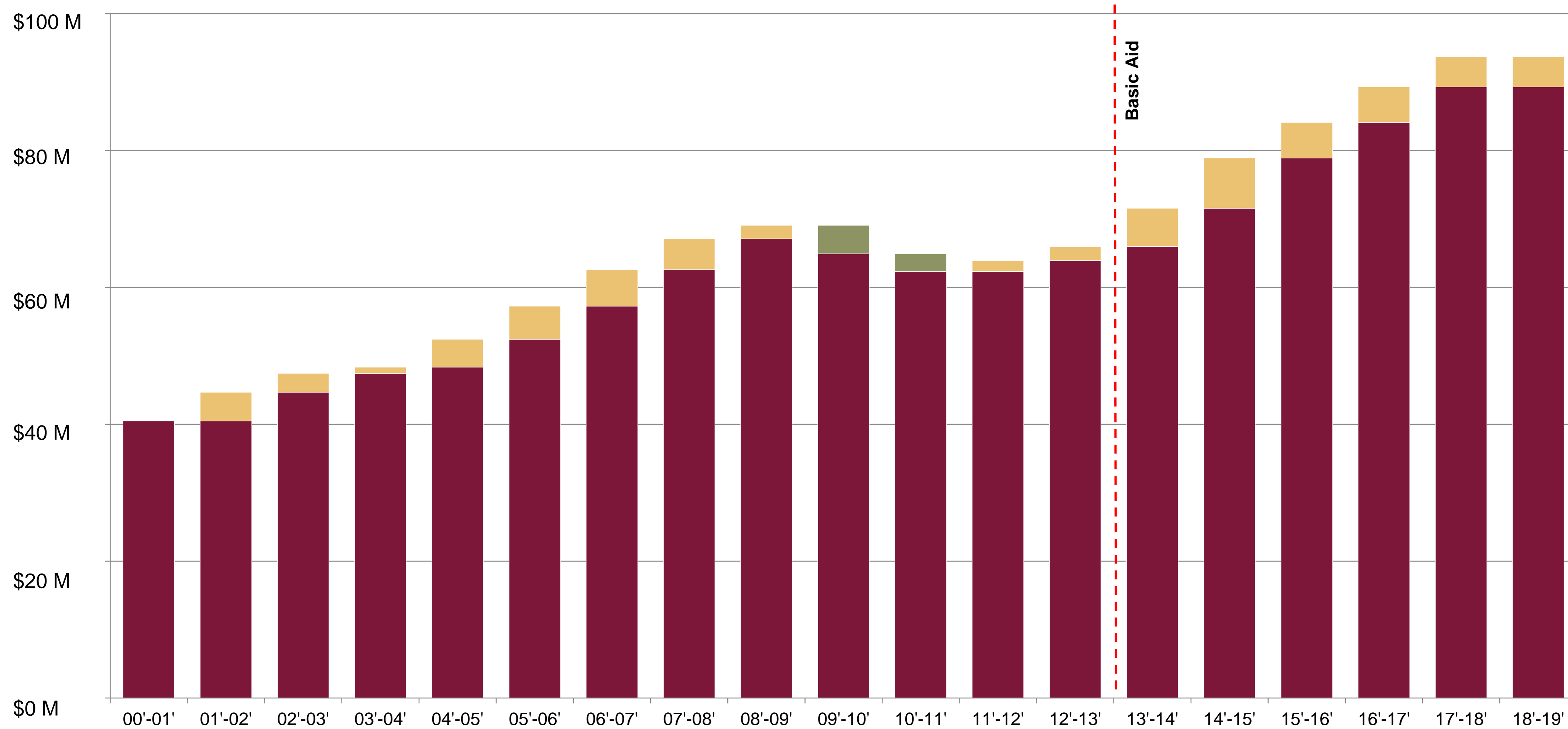
ON-GOING PROPERTY TAX CHANGE HISTORY



ON-GOING PROPERTY TAX CHANGE DATA POINTS



OUR ACTUAL PROPERTY TAX HISTORY



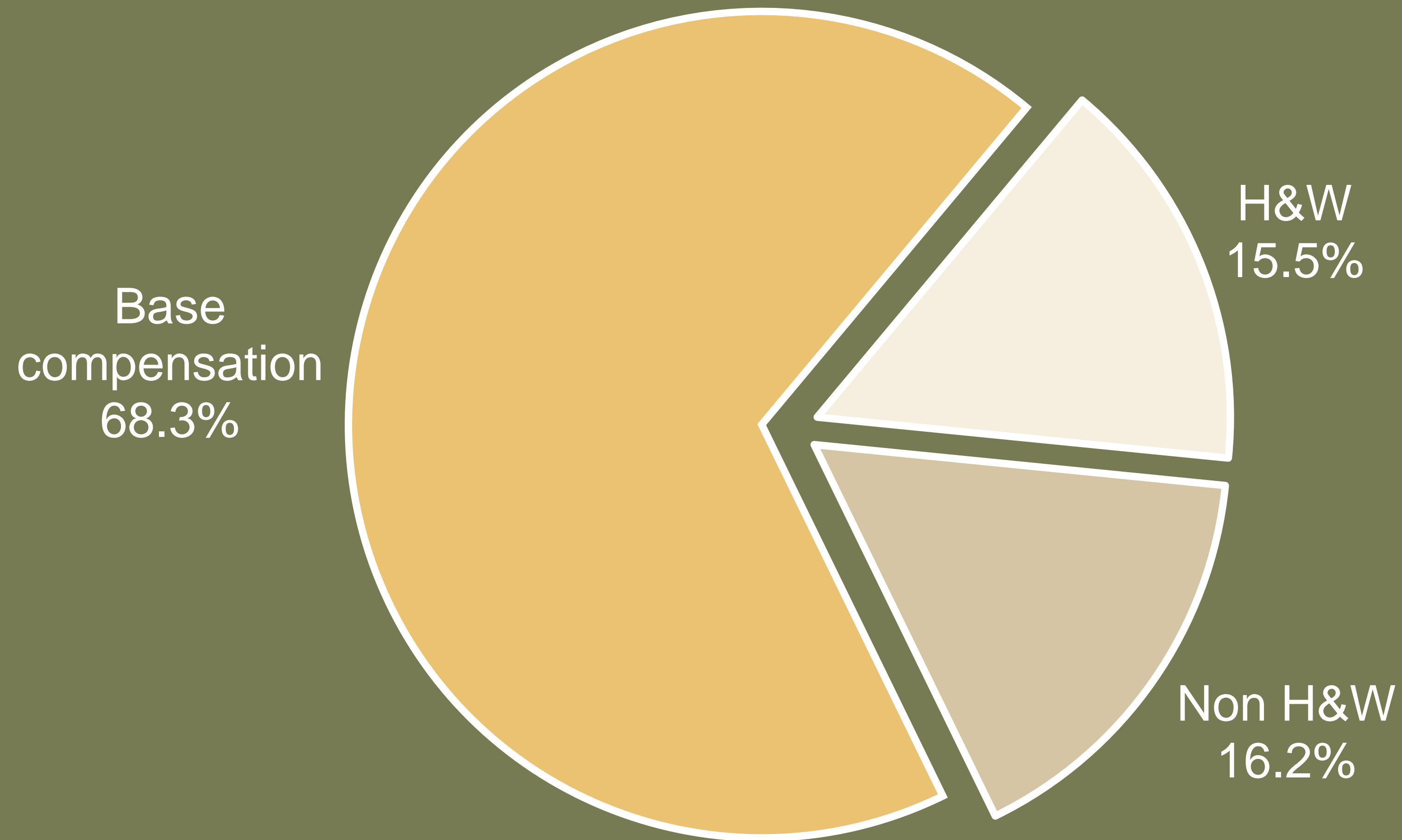


REVENUE: other



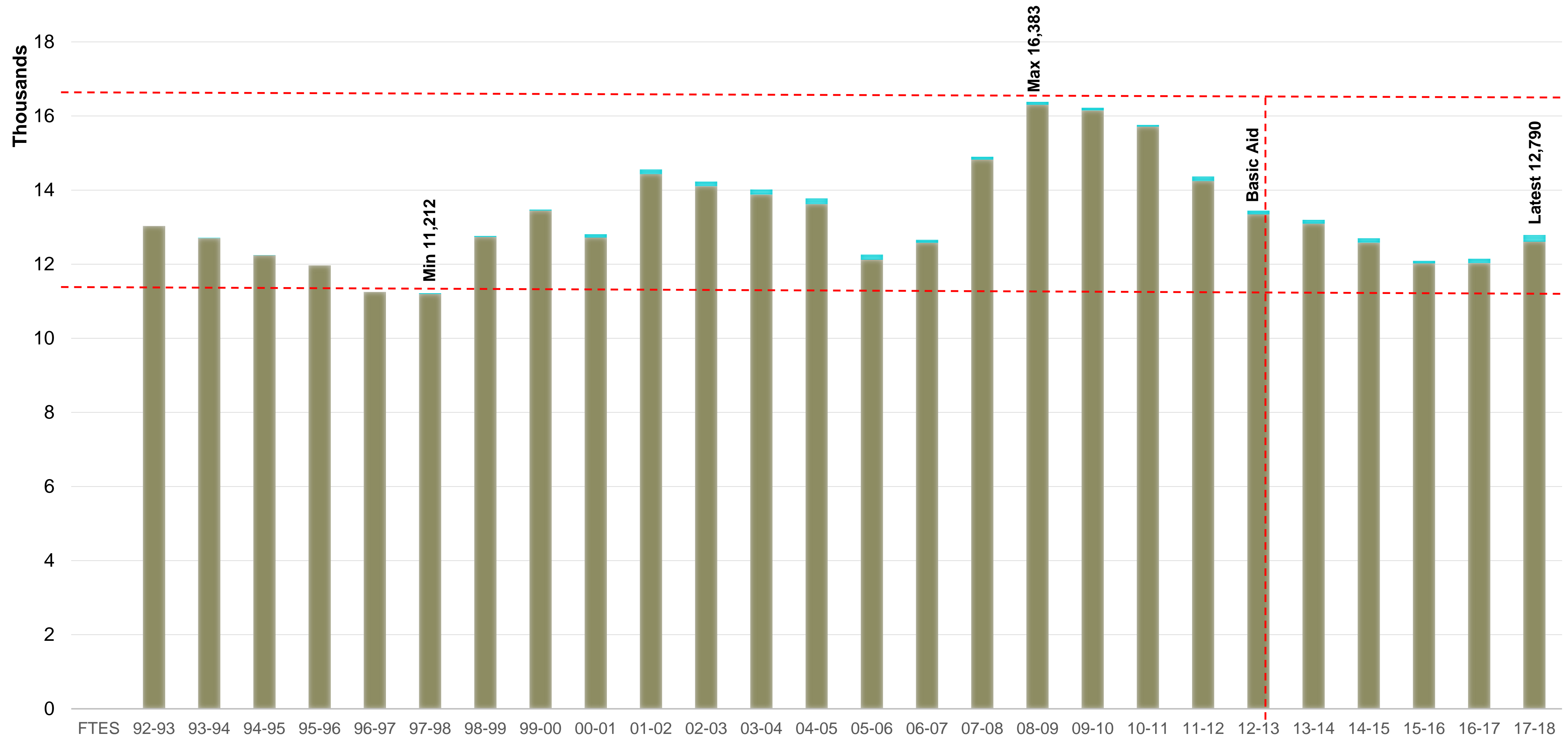
EXPENSES

SJECCD TOTAL EXPENSES F10 (a/o Q2)



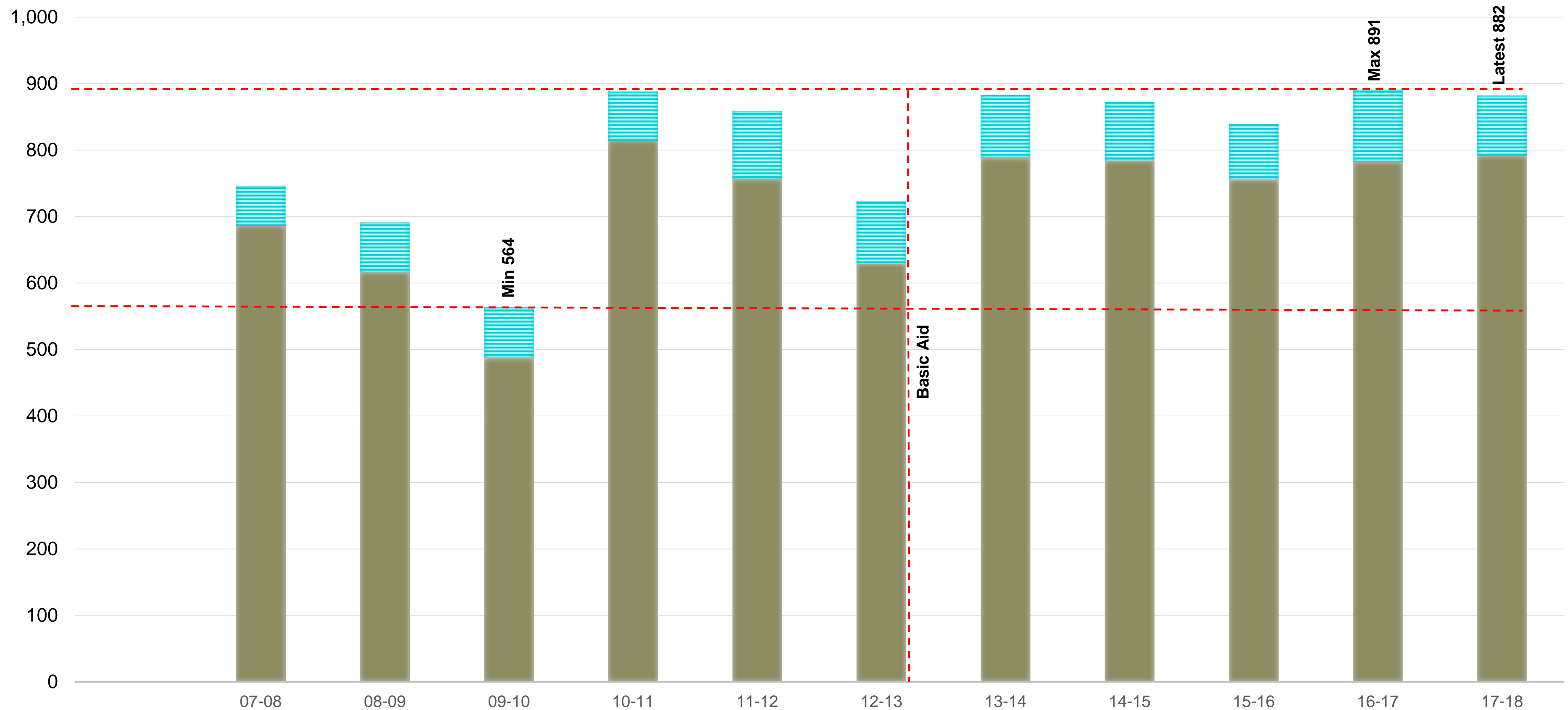
Our payroll is approximately \$104 million, the largest investment is in our human capital. ¹⁷

ANNUAL FTES TOTAL DISTRICT



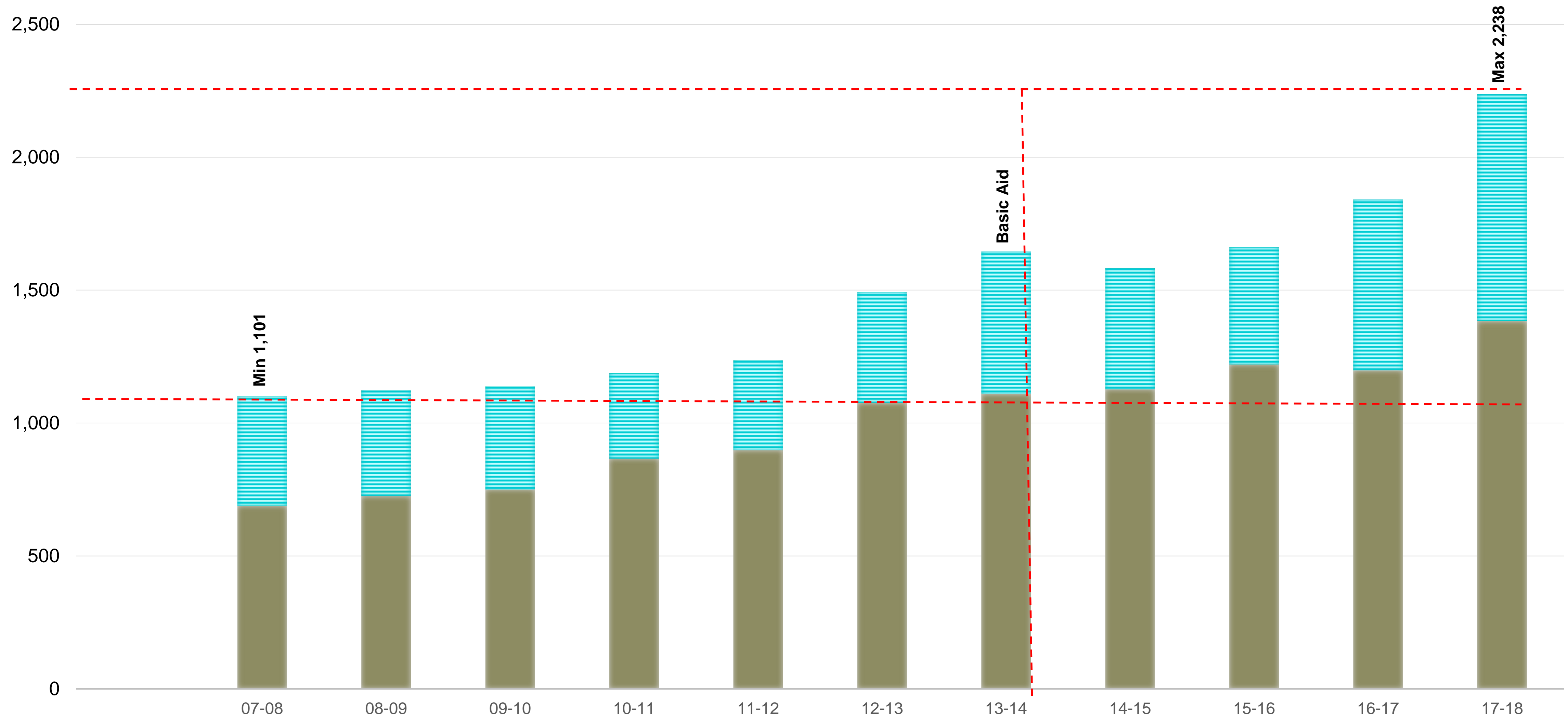
In spite of strong economic cycles SJECCD enrollment is positive

UC & CSU TRANSFERS



Fulfilling the Vision for Success – strong UC and CSU transfer levels

DEGREES & CERTIFICATES TOTAL DISTRICT



Student Success at its highest point

FUND BALANCE

Fund Analysis	2017-2018 (actuals)	2018-2019 Estimated Q2	2019-2020 Estimated
Beginning Fund Balance (in millions)	\$15.5 M	\$15.3 M	\$20.6 M
Total Revenues (in millions)	\$116.5 M	\$127.2 M	\$124.2 M
Total Expenditures (in millions)	\$116.75 M	\$121.9 M	\$123.9 M
Discount Factor (in millions)	0	0	\$2.2 M
Ending Fund Balance (in millions)	\$15.3M	\$20.6 M	\$20.89 M
Ending Fund Balance %	13.11%	16.93%	16.86%
Deficit/Surplus	\$21 K	\$5.3M	\$251 K

GENERAL FUND UNRESTRICTED END FUND BALANCES

BAY 10

WEST VALLEY	54.9%
SAN MATEO	24.3%
FOOTHILL-DEANZA	23.5%
OHLONE	22.8%
CONTRA COSTA	19.2%
CHABOT-LAS POSITAS	16.7%
SAN JOSE-EVERGREEN	15.7%
SAN FRANCISCO	13.8%
MARIN	12.3%
PERALTA	9.8%

BASIC AID

WEST VALLEY	54.9%
SOUTH ORANGE	31.3%
MIRACOSTA	25.0%
SAN MATEO	24.3%
SIERRA	19.3%
SAN JOSE-EVERGREEN	15.7%
MARIN	12.3%
NAPA	10.1%

Board Ends Policies

- UC/CSU transfer incentives
- On-time degree completion incentives
- Launch employment-related initiatives for career readiness
- Strategic industry and government partnerships
- Dual enrollment; middle college @Milpitas; expand at other districts
- Start early: focus on middle schools

Vision for Student Success

- Support quality instruction with full time faculty
- Strategic use of adjunct office hours
- Funding for AB705
- Funding for Guided Pathways
- Continue with Promise program: develop new funding sources
- College strategic plans and metrics
- Maximize categorical programs and grants

Organizational Health

- Digital transformation and new technologies
- Operational effectiveness (simplify, automate, eliminate)
- Adopt E-signatures
- Effective execution of Measure X
- Professional development and mobility
- Talent acquisition

Big ticket items

- Housing solutions
- Homelessness
- Food insecurities
- Mental health
- Resource Allocation Model
- Productivity
- Accreditation
- A culture of innovation
- SJCC's centennial anniversary