



FUTURE FOCUSED FORWARD READY

2025-26 Tentative Budget

UPDATE TO THE BOARD

June 10, 2025



Executive Summary

RECAP

- FY2025-26 Tentative Budget Summary
- Fiscal Outlook

FISCAL SUSTAINABILITY PATH FORWARD CONSIDERATIONS

- Cost Management Options
 - > Healthcare Costs
 - > Administrative Operational Excellence
 - > Strategic Staffing Review
- Revenue Management Options
 - > Enrollment Management
 - > Academic Program Revitalization
 - > Grants

SUPPORTING DOCUMENTS

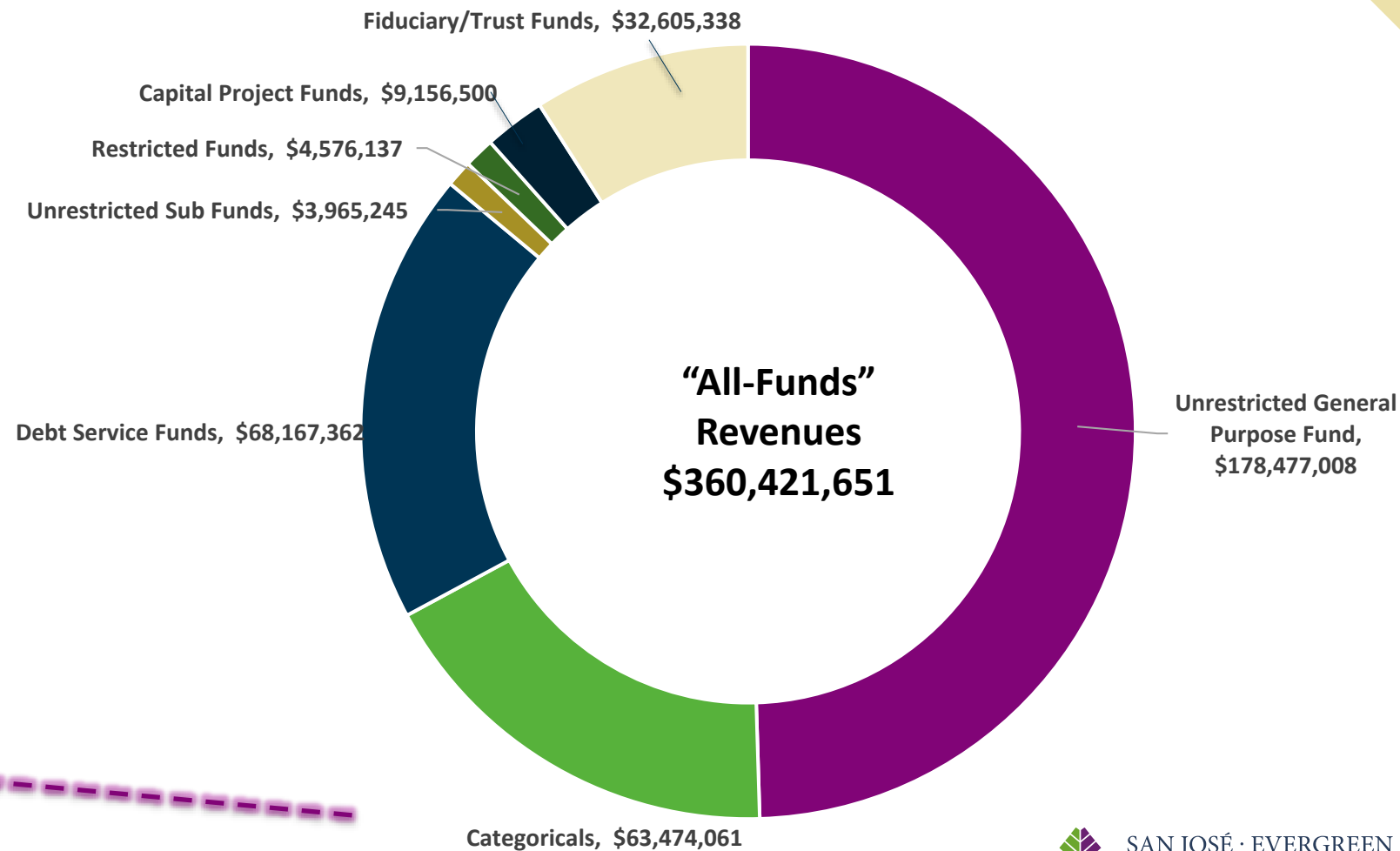
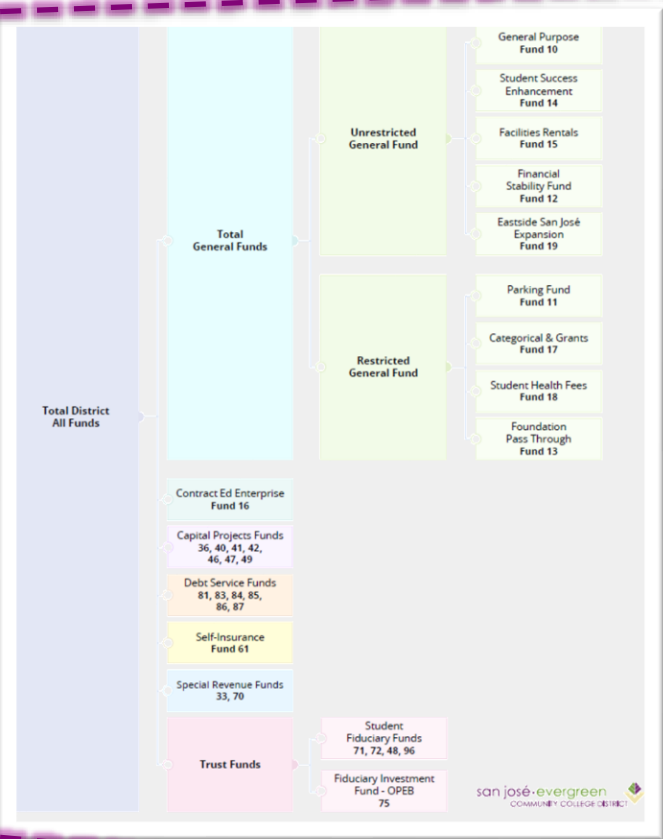
- June 3 Budget Workshop Slides



Recap

FY2025-26 TENTATIVE BUDGET HIGHLIGHTS

\$360 Million from Funding Sources in FY2025-26



Balanced Budget for FY2025-26

Major Object Description	FY23-24 Adopted Budget	FY23-24 Audited Actuals	FY24-25 Adopted Budget	FY24-25 Projected Actuals	FY25-26 Tentative Budget	FY26-27 Estimated Budget	FY27-28 Estimated Budget
Beginning Fund Balance	34,442,992	36,662,842	39,446,951	39,446,951	41,859,436	41,859,436	41,859,436
<u>Revenues</u>							
Federal	2,300	23,299	6,000	6,000	6,000	6,000	6,000
State Revenue	11,587,748	12,523,920	11,446,840	11,095,101	11,467,738	11,525,077	11,640,327
Local Revenue	149,807,520	154,278,876	158,899,768	161,006,400	165,138,362	170,568,205	176,538,092
Other Financing Sources	302,306	566,322	1,027,102	1,575,854	1,864,908	581,855	599,311
Total Revenues	161,699,874	167,392,417	171,379,710	173,683,355	178,477,008	182,681,137	188,783,730
<u>Expenditures</u>							
Academic Salaries	54,868,772	61,521,818	60,230,260	62,119,041	61,866,028	63,722,009	65,633,669
Classified Salaries	31,612,691	31,651,686	34,489,601	32,717,948	35,340,643	36,400,862	37,492,888
Employee Benefits	45,457,555	42,368,313	47,304,131	45,657,117	49,621,003	52,846,368	56,281,382
Total Personnel	131,939,018	135,541,817	142,023,992	140,494,106	146,827,674	152,969,239	159,407,939
Supplies and Materials	897,515	1,205,686	1,152,053	1,019,433	1,236,883	1,273,989	1,312,209
Other Operating Expenses & Services	19,609,001	11,392,768	19,258,100	20,888,200	18,692,348	19,440,042	20,023,243
Capital Outlay	83,577	313,876	217,258	230,816	214,548	220,984	227,614
Other Outgo	11,059,304	16,154,161	8,728,307	8,638,315	11,505,555	11,156,289	11,156,289
Total Non-Personnel	31,649,397	29,066,491	29,355,718	30,776,764	31,649,334	32,091,305	32,719,355
Subtotal Expenditures	163,588,415	164,608,308	171,379,710	171,270,870	178,477,008	185,060,544	192,127,295
Committed Deficit Closing						(2,379,408)	(2,379,408)
Total Expenditures	163,588,415	164,608,308	171,379,710	171,270,870	178,477,008	182,681,136	189,747,887
Net change in Fund Balance	(1,888,541)	2,784,109	-	2,412,485	-	0	(964,157)
Ending Fund Balance	32,554,451	39,446,951	39,446,951	41,859,436	41,859,436	41,859,436	40,895,280
	19.90%	23.96%	23.02%	24.44%	23.45%	22.91%	21.55%

FY2025-26 Budget Includes Deficit Closing Strategies

	FY24-25	FY25-26	FY26-27
Incremental Deficit (May 2024)	(4,991,450)	(1,928,952)	(2,379,048)
Allocation by College			
EVC	\$ 1,992,348	\$ 516,534	\$ 728,928
SJCC	\$ 1,708,280	\$ 512,418	\$ 723,120
District	\$ 1,290,822	\$ 900,000	\$ 927,000
	\$ 4,991,450	\$ 1,928,952	\$ 2,379,048

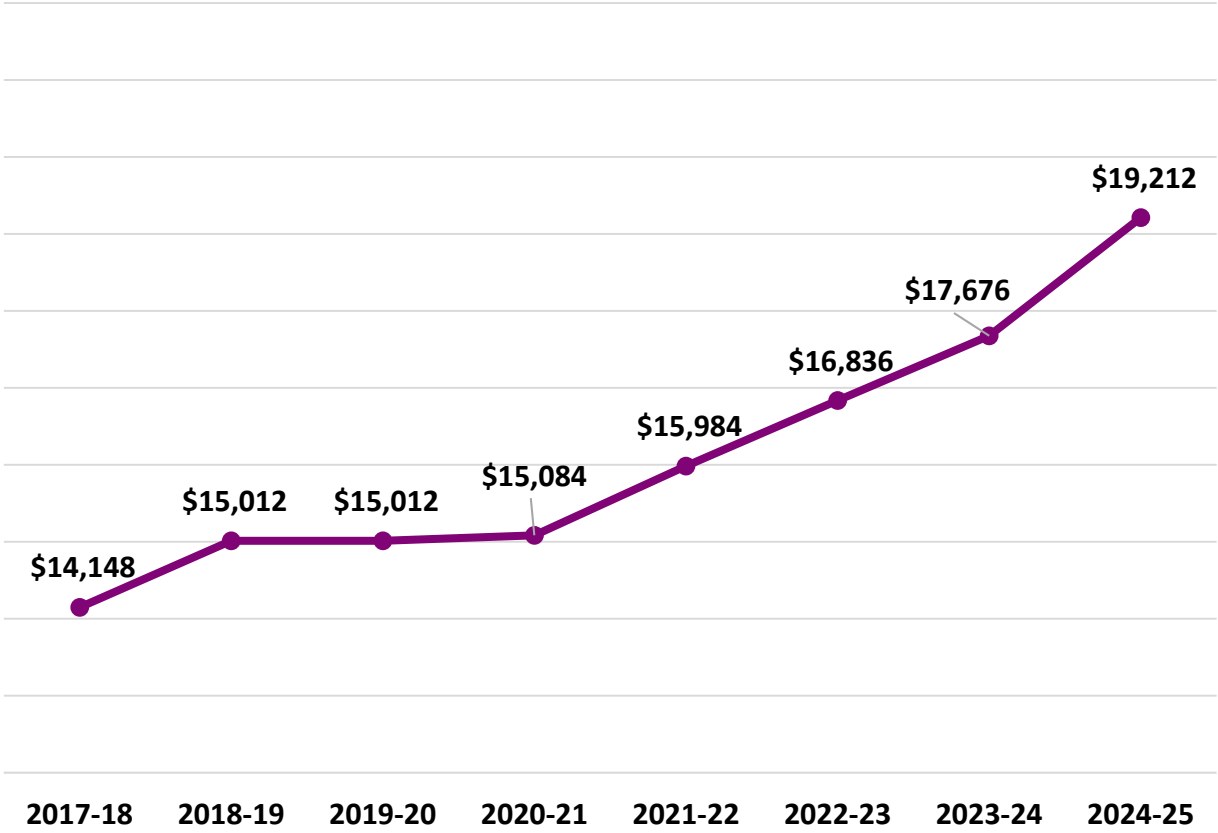
EVC	2024-25	2025-26	2026-27
Incremental by Year	1,992,348	516,534	212,394
Cumulative		2,508,882	2,721,276
Deficit Closing			
Position Control 24-25	763,452	763,452	763,452
One-Time Covid	227,932	0	0
One-Time Covid		1,608,144	0
One-Time 2024-25 Fund 19	569,125	0	0
One-Time 2023-24 Fund 19	569,125	0	0
To be identified in 2026-27			1,957,824
	2,129,634	2,371,596	2,721,276
Over (Under)	137,286	(137,286)	0

District Office	2024-25	2025-26	2026-27
Incremental by Year	1,100,000	900,000	27,000
Cumulative		2,000,000	2,027,000
Deficit Closing			
Position Control 24-25	1,268,422	1,268,422	1,268,422
Utilities		481,578	481,578
Technology Contracts		250,000	250,000
To be identified in 2026-27			27,000
	1,268,422	2,000,000	2,027,000
Over (Under)	168,422	0	0

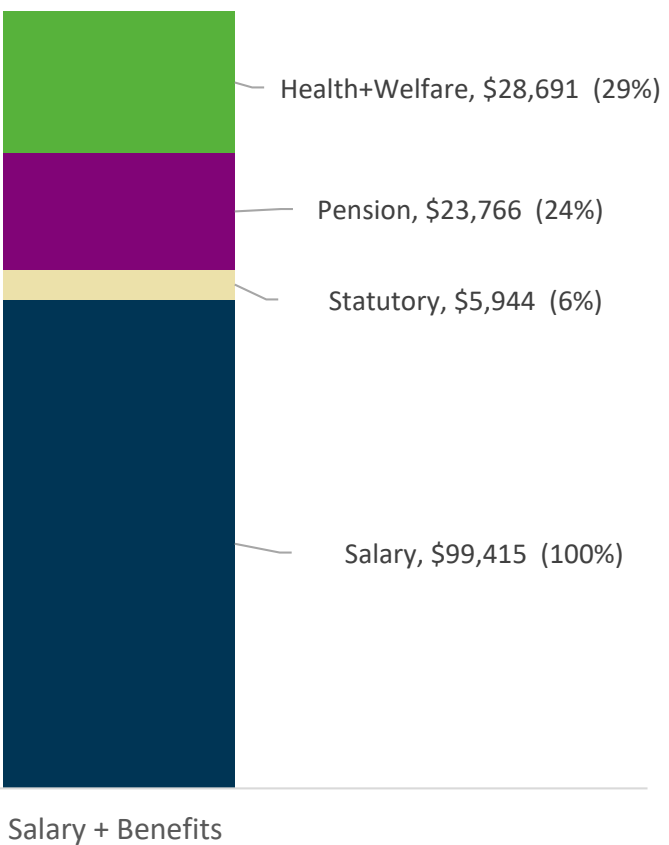
SJCC	2024-25	2025-26	2026-27
Incremental by Year	1,707,652	512,418	210,702
Cumulative		2,220,070	2,430,772
Deficit Closing			
Position Control 24-25	1,060,968	1,060,968	1,060,968
Non-Personnel	362,000	362,000	362,000
NIAs	84,684	85,312	85,312
Milpitas	200,000	200,000	200,000
Position Control 25-26		511,790	511,790
To be identified in 2026-27			210,702
	1,707,652	2,220,070	2,430,772
Over (Under)	0	0	0

Healthcare Costs Inflation

5% ANNUAL GROWTH IN PREMIUMS
SINCE 2019

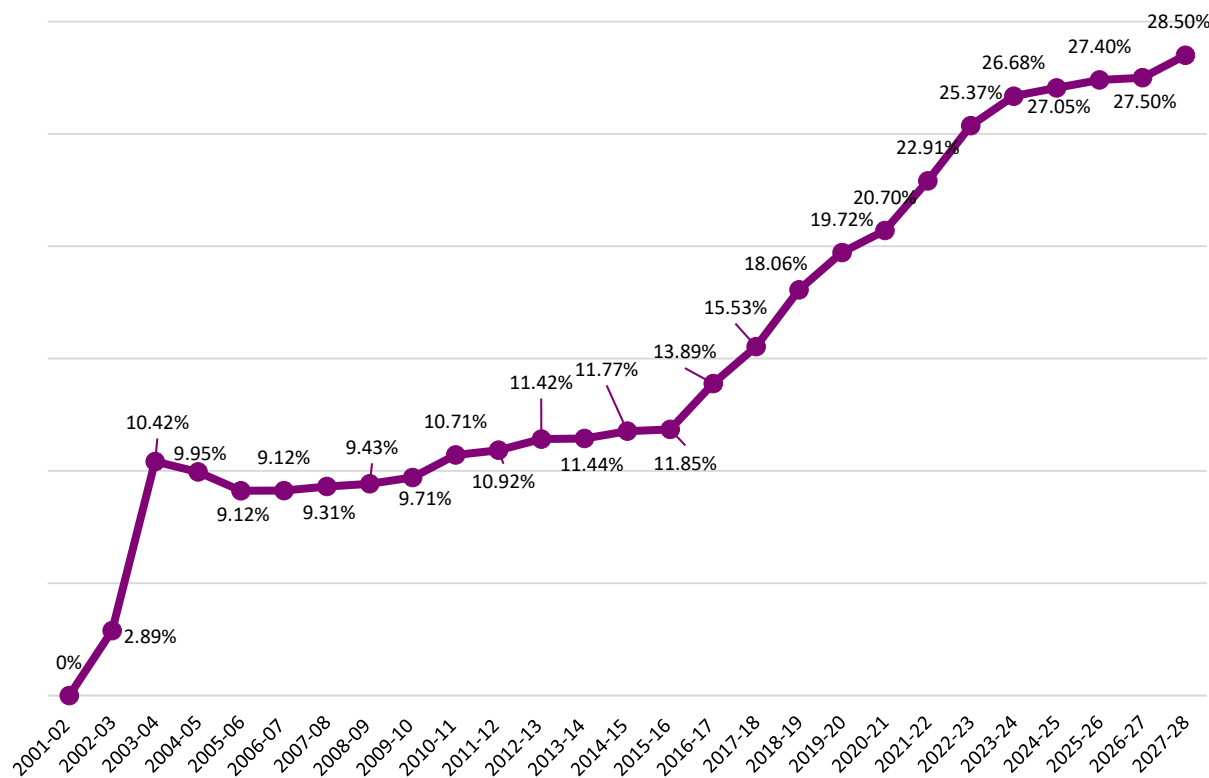


BENEFITS ARE 29% OF AVERAGE
EMPLOYEE SALARY



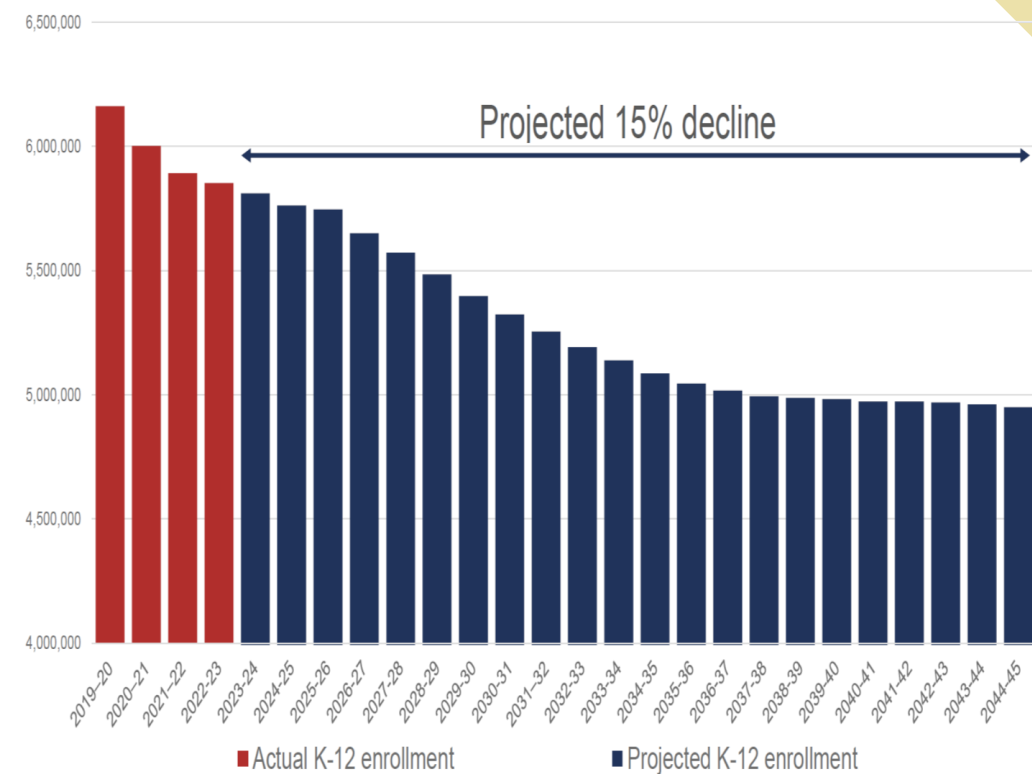
Rising Retirement Costs

CALPERS CONTRIBUTION RATES



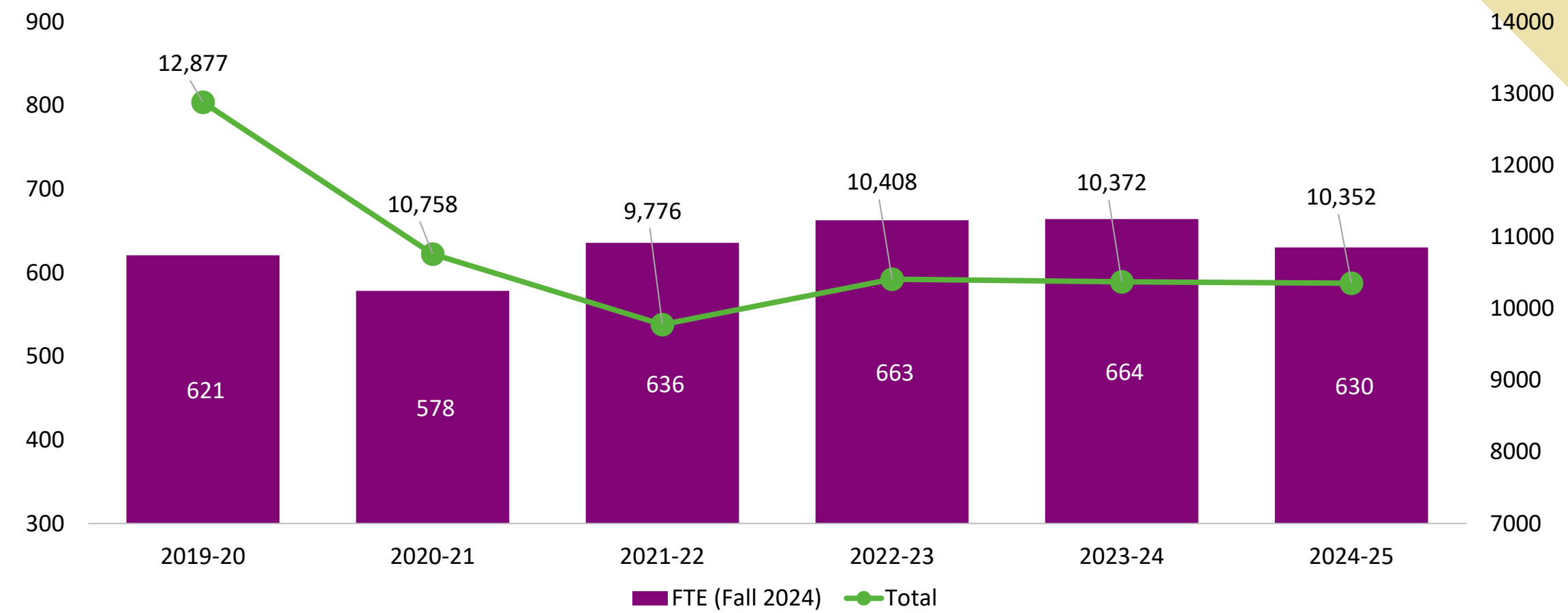
Source: CALPERS Schools Valuation and Employer/Employee Contribution Rates

CALSTRS FUNDING RISKS



Source: CALSTRS 2024 Review of Funding Levels and Risks

Enrollment and Staffing



Sources: Enrollment 320 Reporting; CCCCO MIS Database for Fall Term FTE (excluding Adjunct/Temp Academics)



Path Forward Considerations

COST MANAGEMENT

Cost Management

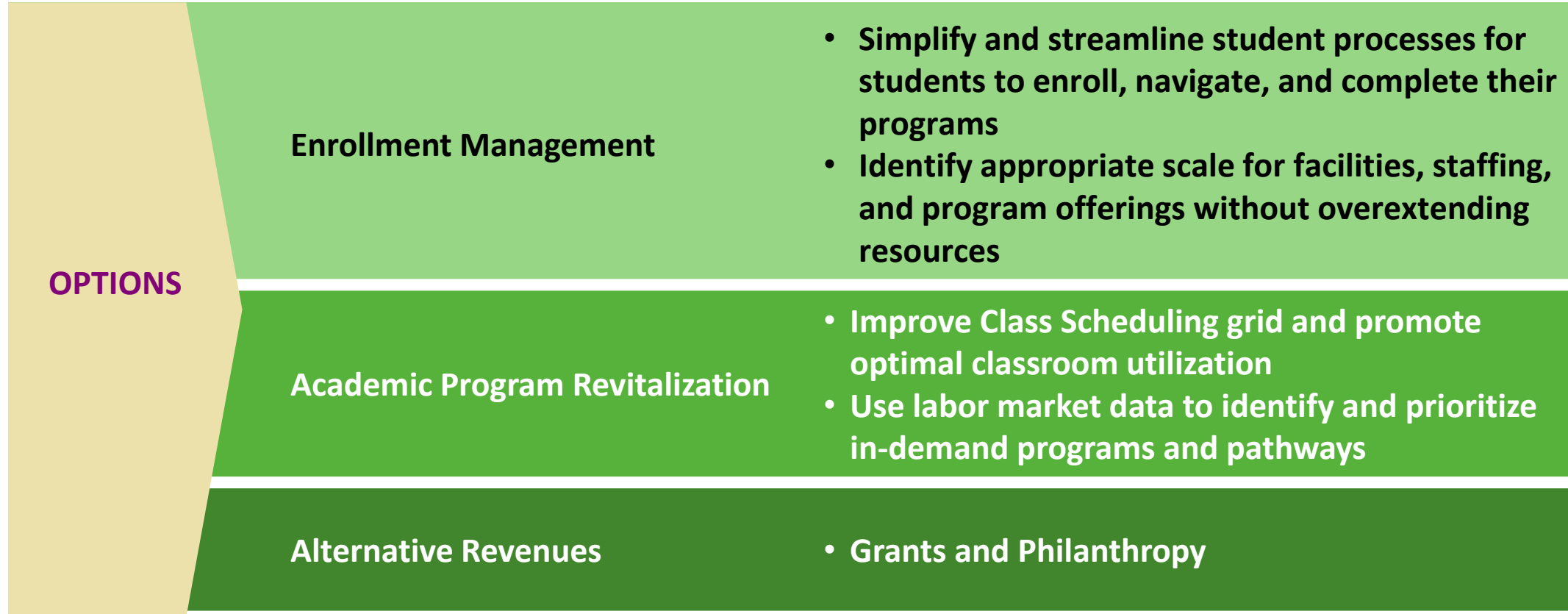
OPTIONS	Operational Expenses	<ul style="list-style-type: none">• Administrative Operational Excellence (In-Progress)
	Medical Insurance	<ul style="list-style-type: none">• Cost Sharing• PPO/Kaiser Plan Design
	Staffing	<ul style="list-style-type: none">• Strategic Departmental Staffing Review• Shared Cost Model with Other Districts



Path Forward Considerations

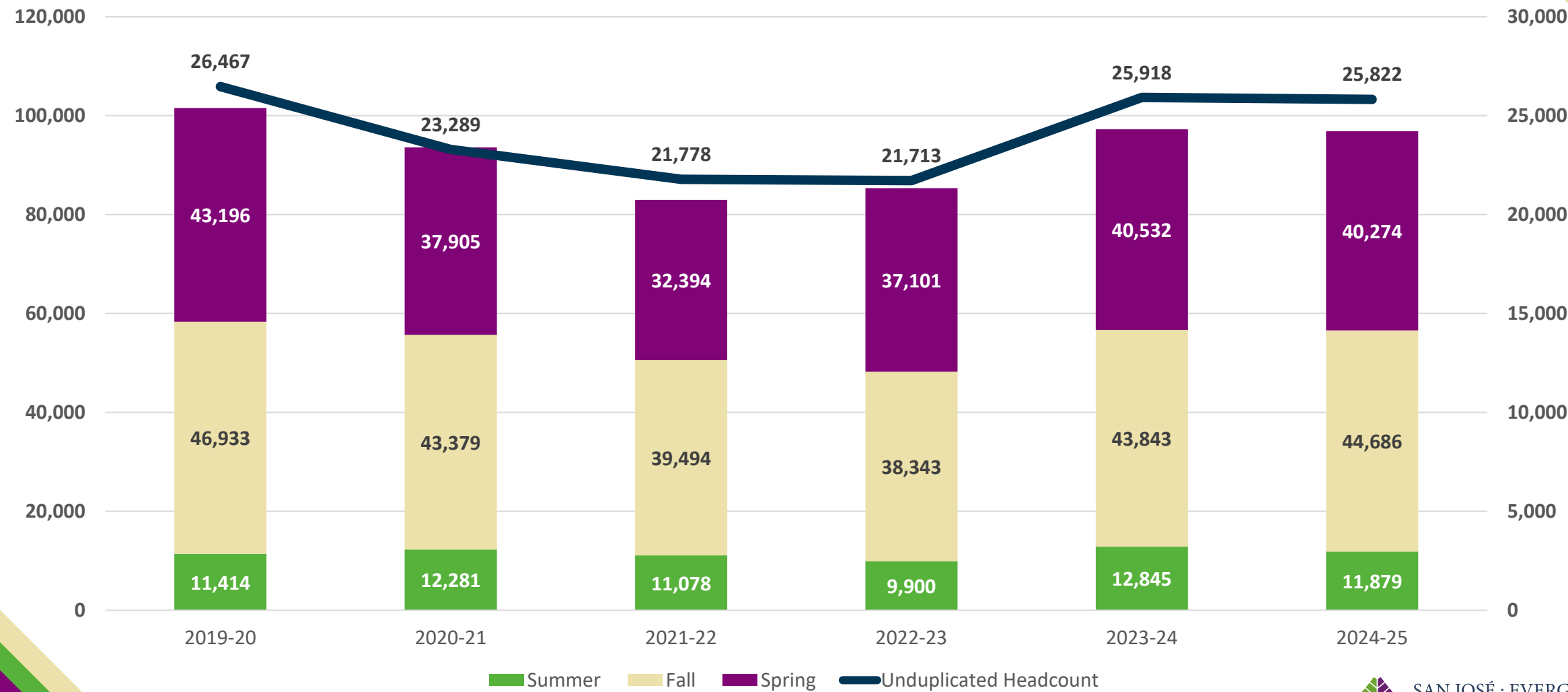
REVENUE MANAGEMENT

Revenue Management



Enrollment Trends – The Full Picture

Districtwide Course Enrollment at Census Trends Compared to Unduplicated Headcount



Source: SJECCD Institutional Effectiveness Data Pull

Enrollment Trends – The Full Picture

Average Number of Units Enrolled at Census per Student

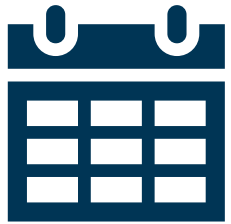
Year	Summer	Fall	Spring	Annual
2019-20	4.02	8.27	7.97	8.12
2020-21	4.19	8.37	8.22	8.30
2021-22	3.99	8.29	8.06	8.19
2022-23	4.01	8.32	8.12	8.22
2023-24	4.18	8.23	7.90	8.07
2024-25	4.17	7.92	7.80	7.86

Student Success Metrics

Student-Centered Funding Formula (SCFF)

Metric	2021-22	2022-23	2023-24
Associate Degree for Transfer	764	654	522
Associate Degree (Local AA/AS)	405	345	325
Credit Certificates	286	320	345
Transfer-Level Math and English	499	533	626
Transfer to a Four-Year University	921	783	803
Nine or More CTE Units	1,659	1,784	1,911
Regional Living Wage	1,671	1,644	1,297
Total	6,205	6,063	5,829

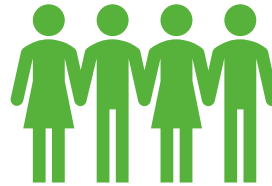
Strategic Enrollment Management: Focus Areas



Schedule
Optimization



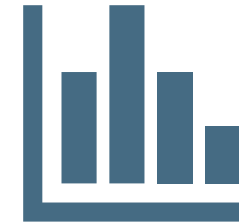
Program Pathways
Alignment



Retention And Re-
engagement



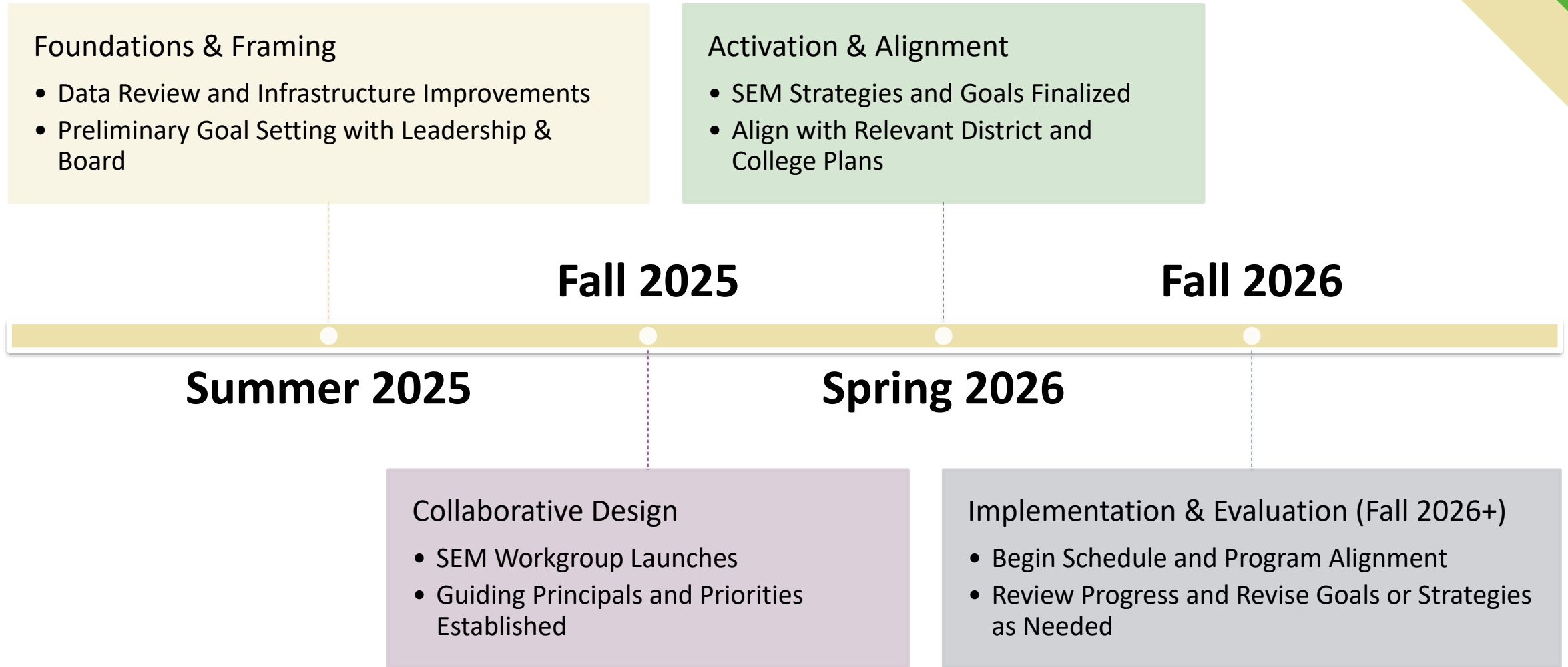
Dual Enrollment
And Equity-driven
Expansion



Data-informed
Planning



Strategic Enrollment Management: Phased Approach





Appendix - June 3 Budget Workshop

PRESENTATION SLIDES

FY2024-25 Adopted Budget and Projections

Major Object Description	FY23-24	Budget	FY23-24	Actuals	FY24-25 Adopted Budget	FY24-25 Projected Actuals
Beginning Fund Balance		34,442,992		36,662,842	39,446,951	39,446,951
Revenues						
Federal		2,300		23,299	6,000	6,000
State Revenue		11,587,748		12,523,920	11,446,840	11,095,101
Local Revenue		149,807,520		154,278,876	158,899,768	161,006,400
Other Financing Sources		302,306		566,322	1,027,102	1,575,854
Total Revenues		161,699,874		167,392,417	171,379,710	173,683,355
Expenditures						
Academic Salaries		54,868,772		61,521,818	60,230,260	62,119,041
Classified Salaries		31,612,691		31,651,686	34,489,601	32,717,948
Employee Benefits		45,457,555		42,368,313	47,304,131	45,657,117
Total Personnel		131,939,018		135,541,817	142,023,992	140,494,106
Supplies and Materials		897,515		1,205,686	1,152,053	1,019,433
Other Operating Expenses & Services		19,609,001		11,392,768	19,258,100	20,888,200
Capital Outlay		83,577		313,876	217,258	230,816
Other Outgo		11,059,304		16,154,161	8,728,307	8,638,315
Total Non-Personnel		31,649,397		29,066,491	29,355,718	30,776,764
Subtotal Expenditures		163,588,415		164,608,308	171,379,710	171,270,870
Committed Deficit Closing						
Total Expenditures		163,588,415		164,608,308	171,379,710	171,270,870
Net change in Fund Balance		(1,888,541)		2,784,109	-	2,412,485
Ending Fund Balance		32,554,451		39,446,951	39,446,951	41,859,436
		19.90%		23.96%	23.02%	24.44%



FY2024-25 Variance Explanations - Revenues

	FY2024-25	FY2024-25	FY2024-25	
Unrestricted General Fund 10 Revenues	Adopted Budget	Projected Actuals	Variance	
State (Lottery, EPA, Gen Appt)	6,946,840	6,954,483	7,643	On target
State STRS on Behalf	4,500,000	4,000,000	(500,000)	STRS on Behalf provide by the County. Passthrough revenue offset in expenses
Property Taxes	146,823,535	148,988,510	2,164,975	Property tax final data point 4.88% vs. 3.5% budget principle
Enrollment Fees	10,240,929	10,001,048	(239,881)	Budget 10,550 FTES vs P2-320 10,350 FTES
One-Time (Non-Recurring)	797,507	1,366,182	568,675	EVC Deficit Closing (Transfer from Fund 19 East San Jose)
Interest	1,500,000	1,900,000	400,000	Interest Income higher; annualized return rate from County Pool.
Other Income	570,899	473,132	(97,767)	
Total Revenues	171,379,710	173,683,355	2,303,645	

FY2024-25 Variance Explanations - Expenses

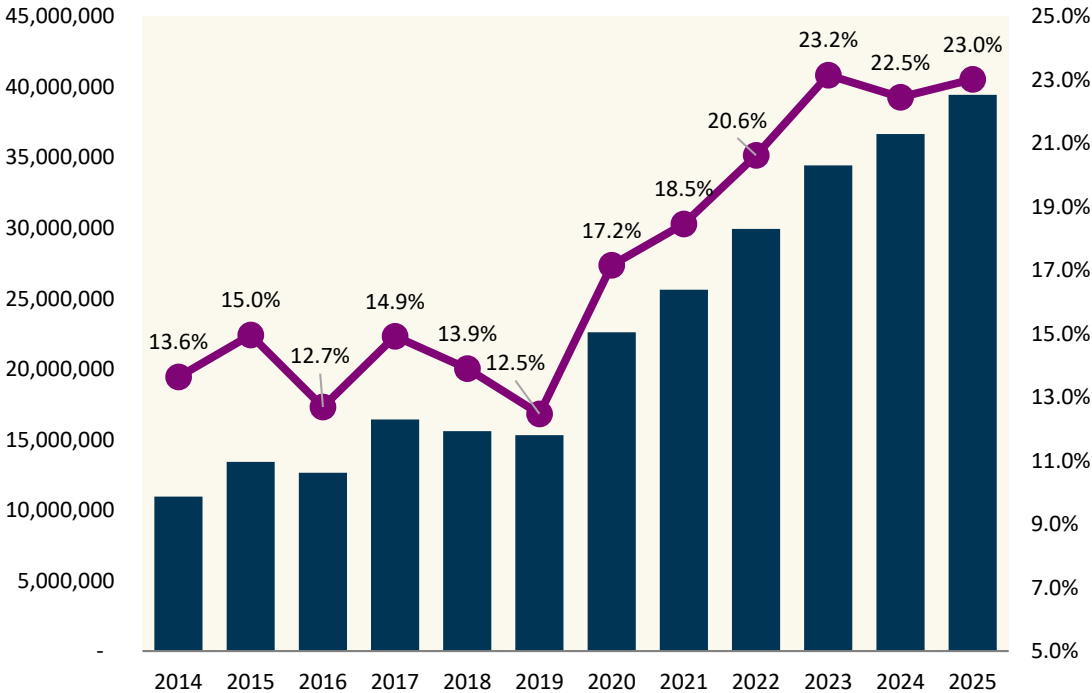
	Adopted Budget	Projected Actuals	Variance	
Academic Salaries	55,119,838	57,154,192	2,034,354	Adjuncts backfill
Classified Salaries	25,059,963	23,959,360	(1,100,603)	Vacancies
MSC Salaries	14,540,060	13,723,437	(816,623)	Vacancies + defunding management position at DO
State STRS on Behalf	4,500,000	4,000,000	(500,000)	STRS on Behalf provide by the County. Passthrough revenue offset in expenses
Benefits	42,804,131	41,657,117	(1,147,014)	
Supplies + Operating Costs	19,108,153	19,907,633	799,480	Trustee elections \$897k
Capital Outlay	217,258	230,816	13,558	
Interfunds Transfer	7,678,307	8,638,315	960,008	Parking Fund; Insurance Fund
Allowance for Student Bad Debt	1,302,000	2,000,000	698,000	
Contingency	1,050,000	-	(1,050,000)	
Total Expenses	171,379,710	171,270,870	(108,840)	

Interfund Transfers (Other Outgo)

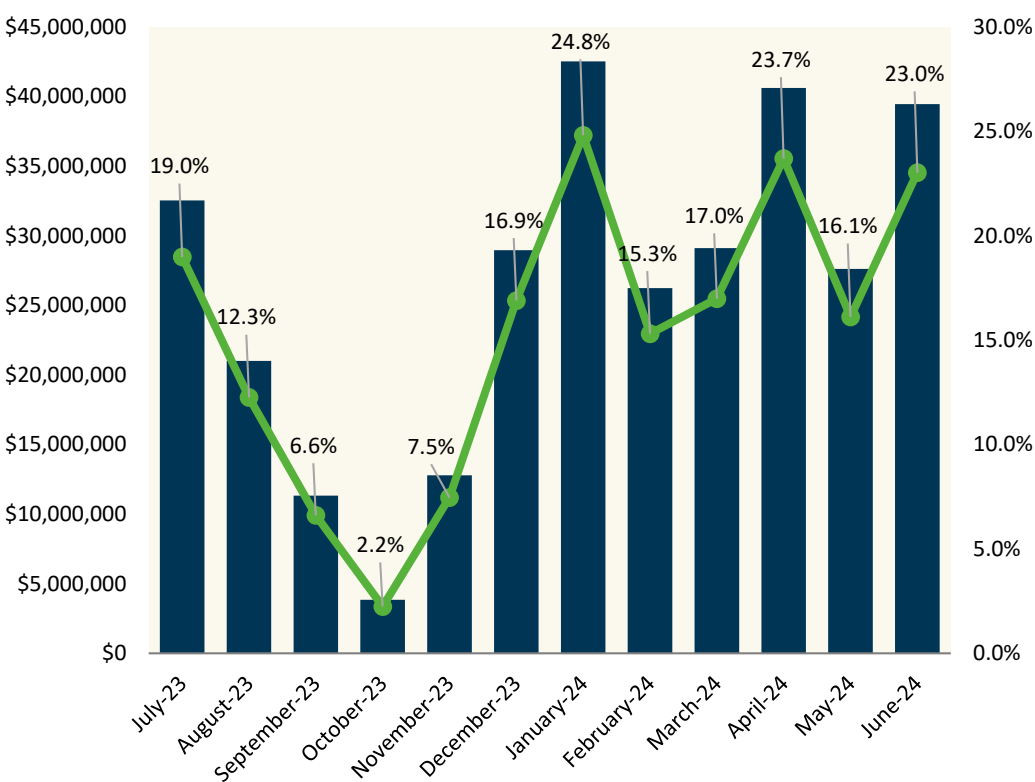
Transfer to	Description	\$	Notes
Fund 11	Parking	1,908,067	
Fund 19	East San Jose Expansion	1,250,000	
Fund 13	Foundation	784,788	
<u>Non Discretionary</u>			
Fund 85	Retiree Health OPEB Trust	2,145,607	Required scheduled contributions
Fund 48	PELL/SEOG Match	87,564	Financial aid required match
Fund 70	Cafeteria	86,129	Cafeteria service cost increased. Less sales from less student and employees on campus with hybrid schedules
Fund 61	Self Insurance	2,300,285	Building and property, medical, dental and vision
Fund 16	Contract Enterprise	74,875	Closeout of CEM grants
	Medi-Cal Admin Activity	1,000	
		8,638,315	

Unrestricted General Fund Balance and Cash Flow

Fund Balance by Year and as a % of Operating Budget



Volatile Fund Balance by Month and as a % of Operating Budget



May Revise

(In \$ Billions)	2024-25 Enacted Budget	2025-26 January Proposal	2025-26 May Revise	Change in May
CALIFORNIA STATE BUDGET				
State Budget	\$297.9	\$322.2	\$321.9	-\$0.3
Budget Deficit	-	-	\$12	-\$12
COLA	1.07%	2.43%	2.30%	-0.13%
Growth Funding	0.50%	0.50%	2.35%	+1.85%
CALIFORNIA COMMUNITY COLLEGE SYSTEM				
BUDGET	\$14.1	\$14.5	\$14.2	-0.3

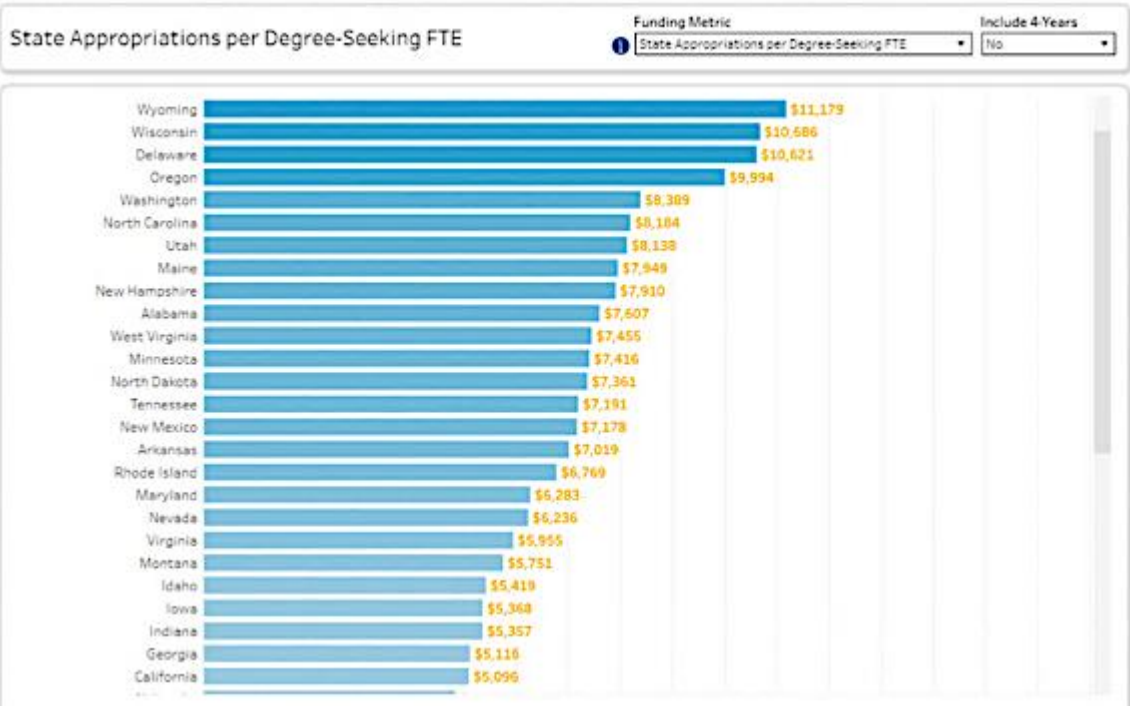
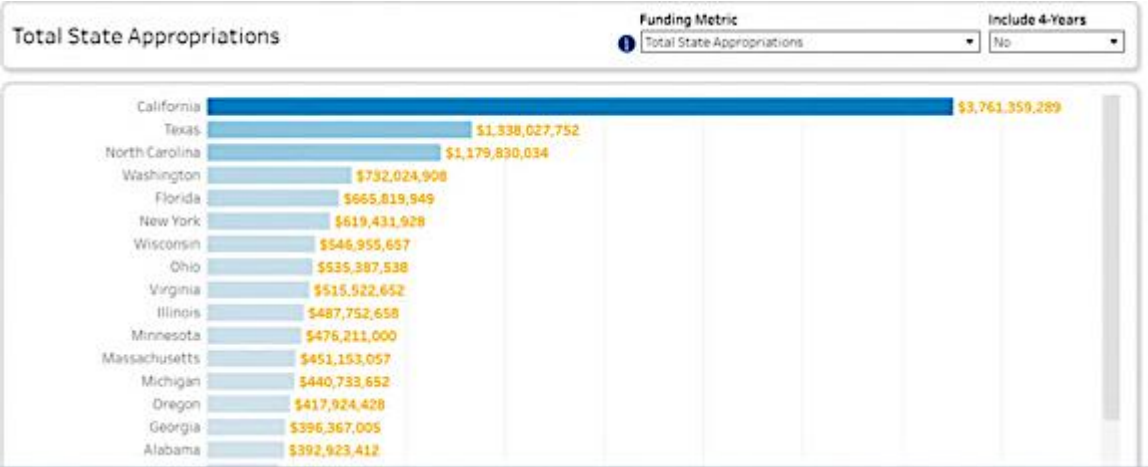
May Revise Takeaways for Community College System

- Revenues continue to exceed projections for the 2024-2025 fiscal year, but primarily one-time revenues
- Approximately \$12 billion state budget deficit for 2025-2026
- COLA revision from 2.43% to 2.30% for the Student Centered Funding Formula and select categorical programs
- No COLA for Strong Workforce or the Student Equity and Achievement programs
- Enrollment growth funding is proposed at 2.35%, significantly higher than 0.5% proposed in January Budget
- May Revise makes no assumptions about federal spending reductions

- **Proposition 98 directs 89.07% of revenues to K-12 education and 10.93% to community colleges**
- **For the 2024-2025 academic year, current enrollment estimates are 5.5 million students in the K-12 system and 1.07 million in the community college system.**
- **May Revision proposes to shift \$492 million in revenue over three years from the community colleges to the K-12 system to fully fund universal transitional kindergarten (TK), with a \$233 million ongoing reduction to community college funding.**
- **Exacerbates chronic underfunding in Community College System**



The Amount of Funding Allocated to Higher Education as a Whole is Substantially More Important than the Allocation Across Institutions



Source: ACCT, Interactive Dashboard, State-Based Funding Models for Community College Systems by Student Enrollment Group

FY2025-26 Revenues

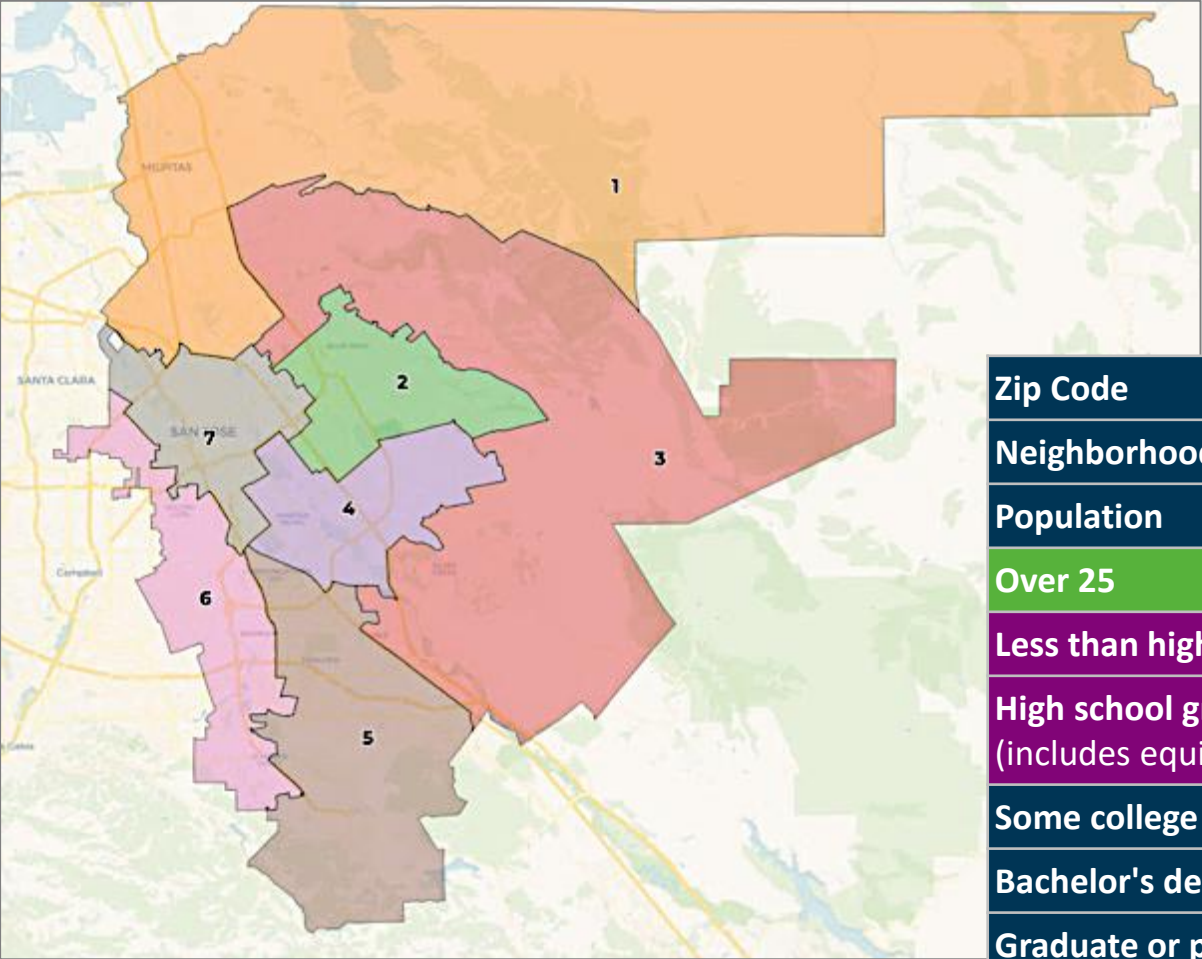
Unrestricted General Fund 10 Revenues	Projected Actuals	Tentative Budget	Change	Comment
State (Lottery, EPA, Gen Appt)	6,954,483	7,076,738	122,255	Projected higher state lottery funding
State STRS on Behalf	4,000,000	4,000,000	-	STRS on Behalf provide by the County. Passthrough revenue offset in expenses
Property Taxes	148,607,510	153,808,773	5,201,263	3.5% Budget Principle
Enrollment Fees	10,001,048	10,090,495	89,447	Budget no growth in enrollment FTES
One-Time (Non-Recurring)	1,366,182	1,608,144	241,962	EVC Deficit Closing (Transfer from Covid Block Grant)
Interest	1,900,000	1,400,000	(500,000)	Interest Income lower with projected decline in Treasury rates
Other Income	854,132	492,858	(361,274)	\$300k (Parking Fines + Repro Revenues); \$50k interfund transfers
Total Revenues	173,683,355	178,477,008	4,793,653	

FY2025-26 Expenses

	FY2024-25	FY2025-26		
Unrestricted General Fund 10 Expense	Projected Actuals	Tentative Budget	Change	Comment
Academic Salaries	57,154,192	56,706,502	(447,690)	3% COLA offset by full year impact of deficit closing strategies
Classified Salaries	23,959,360	25,969,548	2,010,188	3% COLA + filling vacancies
MSC Salaries	13,723,437	14,530,621	807,184	3% COLA + filling vacancies
State STRS on Behalf	4,000,000	4,000,000	-	STRS on Behalf provide by the County. Passthrough revenue offset in expenses
Benefits	41,657,117	45,621,003	3,963,886	Filling vacancies; PERS rate increase; Medical inflation 8.8% PPO/8.0% Kaiser; Higher adjunct health insurance
Supplies + Operating Costs	19,907,633	17,929,231	(1,978,402)	Administrative Operations Excellence reductions in utilities and contracts (\$1M); 897k Trustee elections
Allowance for Student Bad Debt	2,000,000	2,000,000	-	No change
Capital Outlay	230,816	214,548	(16,268)	
Interfunds Transfer	8,638,315	9,735,555	1,097,240	\$250k Foundation; \$150k OPEB retiree health; \$400k insurance rate increases; student health insurance \$125k
Contingency	-	,770,000	1,770,000	1% of operating budget
Total Expenses	171,270,870	178,477,008	7,206,138	



Social Dislocation



Zip Code	95127	95111	95112
Neighborhood	Alum Rock	Edenvale	Downtown
Population	62,269	59,761	58,775
Over 25	42,899	39,121	37,485
Less than high school graduate	26.2%	27.4%	19.0%
High school graduate (includes equivalency)	25.3%	26.8%	18.1%
Some college or associate's degree	22.7%	25.9%	23.6%
Bachelor's degree	17.6%	14.3%	23.3%
Graduate or professional degree	17.6%	14.3%	23.3%

Excess Over Apportionment

FY23-24 Apportionment	Funded FTES (Funded) FY22/23				3-Year Average FTES (Funded) FY23/24	Fund Rate FY23/24	FY23/24 Funding
Credit	11,447.48	(830.08)			10,617.40	\$5,261.89	55,867,591
Special Admit Credit	0.00	0.00			0.00	\$0.00	0
Non-Credit	65.01	63.74			128.75	\$4,417.31	568,729
Total	11,512.49	(766.34)			10,746.15		56,436,320
FY23-24							
Total Computational Revenue (TCR)							
I. Base Allocation Basic + FTES	\$69,652,676						
II. Supplemental Allocation	\$16,297,672						
III. Student Success Allocation	\$10,447,696						
SCFF Calculated Revenue (A)	\$96,398,044						
Prior Year SCFF Calculated Revenue + COLA (B)	\$97,063,493						
Hold Harmless Revenue (C)	\$100,366,872						
Stability Protection Adjustment	\$3,968,828						
Hold Harmless Protection Adjustments	\$0						
Revenue Entitlement (max of (A), (B) or (C))	\$100,366,872						
Estimated Property Taxes	141,590,000	(2023-24 Recalc)					
Est. Education Protection Account (Prop 55)	1,068,322	(2023-24 Recalc)					
Est. Student Enrollment Fee	5,210,503	(2023-24 Recalc)					
State General Fund Allocation	869,391	(2023-24 Recalc)					
Total Estimated Local/Prop 30 Revenue	148,738,216						
Excess Funds Over Revenue Entitlement	48,371,344						
FY24-25 Apportionment	Funded FTES (Funded) FY23/24				3-Year Average Funded FTES FY24/25	Fund Rate FY24/25	FY24/25 Funding
		-16.27% Growth					
Credit	10,617.40	(1,727.20)			8,890.20	\$5,318.19	47,279,773
Special Admit Credit	0.00	0.00			0.00	\$0.00	0
Non-Credit	128.75	(65.27)			63.48	\$4,464.58	283,412
Total	10,746.15	(1,792.47)			8,953.68		47,563,184
FY24-25							
Total Computational Revenue (TCR)							
I. Base Allocation Basic + FTES	\$60,580,109						
II. Supplemental Allocation	\$19,768,471						
III. Student Success Allocation	\$9,881,774						
SCFF Calculated Revenue (A)	\$90,230,354						
Prior Year SCFF Calculated Revenue + COLA (B)	\$97,063,493						
Hold Harmless Revenue (C)	\$91,725,537						
Stability Protection Adjustment	\$6,833,139						
Hold Harmless Protection Adjustments	\$0						
Revenue Entitlement (max of (A), (B) or (C))	\$97,063,493						
Estimated Property Taxes	148,499,592	(4.88% increase over last year)					
Est. Education Protection Account (Prop 55)	880,750	(2024-25 actual projections)					
Est. Student Enrollment Fee	5,210,503	(same as prior year)					
State General Fund Allocation	0						
Total Estimated Local/Prop 30 Revenue	154,590,845						
Excess Funds Over Revenue Entitlement	57,527,352						

