



2017/18 Budget Presentation College Council
Susan Cheu
Vice President, Finance & College Operations
October 26, 2017

Agenda

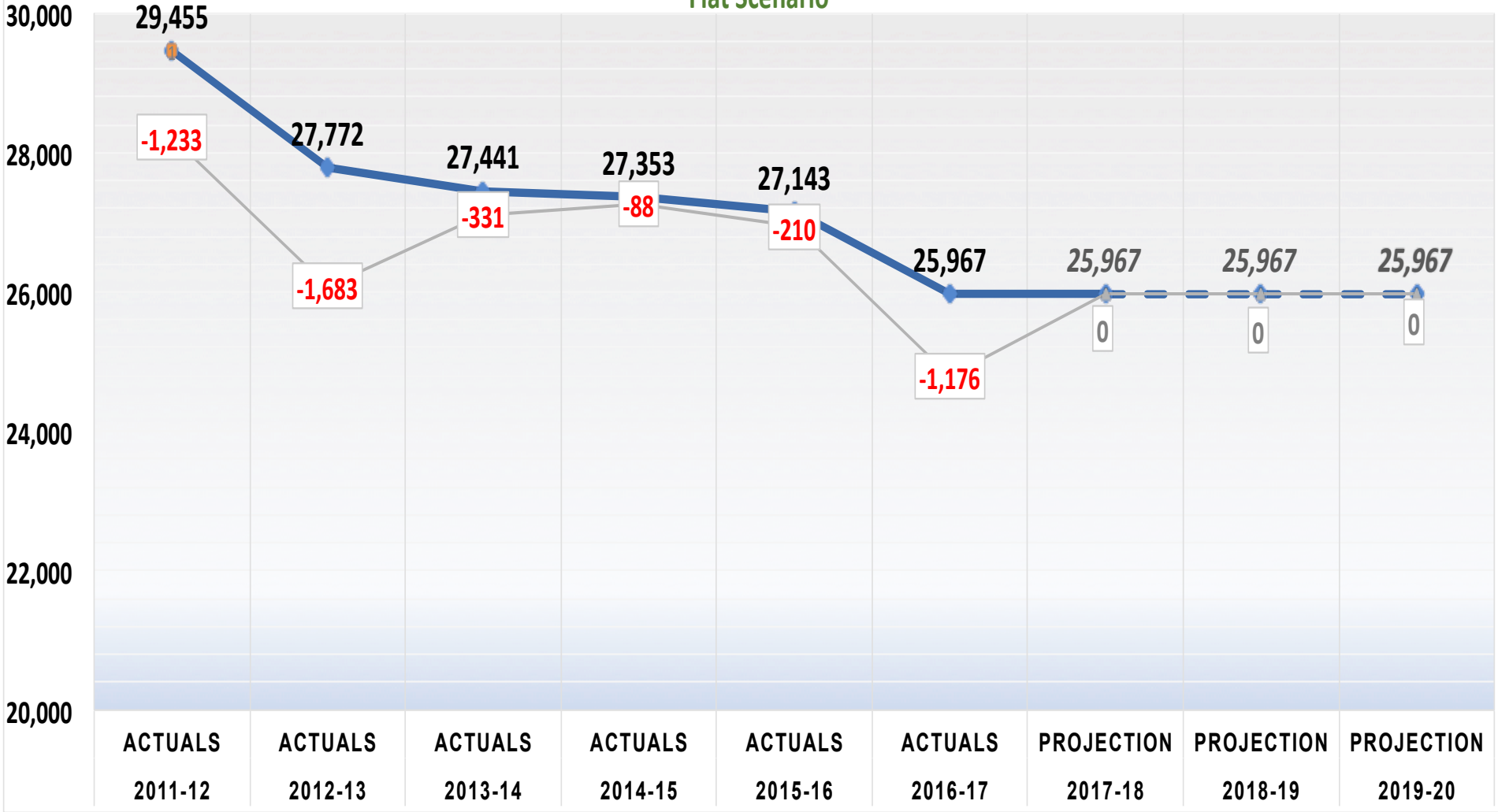
- Districtwide Financial Situation
 - Enrollment Update
 - FY16/17 “Final” Financial Information
 - Structural Deficit
- Board Approved Budget Reductions
- Campus Financial Update
- Proposed Distribution of De Anza’s Reductions
- Timeline for Identifying & Implementing Cuts

Background

- Ongoing declining enrollment means less revenue for General Fund
- General Fund comprises majority of funding for Instruction, Student Services and Finance & College Operations
- The Board of Trustees, concerned about ongoing structural deficit, requested district take action to reduce costs
- August 2017, Board of Trustees approved \$10M districtwide budget reduction target. District has 3 years to implement plans

Enrollment Decline-Flat Scenario

FTES Analysis
 Flat Scenario



Foothill-De Anza Community College District
Multi-Year Projections For General Purpose Fund (Fund 114)

8.28.17 Board Study Session

Resident FTES - Flat

	2015/16 Actuals	2016/17 Actuals
Resident FTES (F/T Equiv Student)	27,143	25,967
FTES Restoration	-0.77%	-4.33%
COLA	1.02%	0.00%
Revenues	187,829,528	181,873,380
Expenses	183,967,716	192,775,009
Net Transfers Out	7,385,424	5,841,654
Total Expenses and Net Transfers Out	191,353,140	198,616,663
Structural Surplus/(Deficit)	(3,523,612)	(16,743,283)
Planned Budget Reductions		
Adjusted Structural Surplus/(Deficit)	(3,523,612)	(16,743,283)
One-Time Adjustments to Revenue	17,272,430	9,023,917
One-Time Adjustments to Expenditures	(4,299,203)	(1,430,213)
Net Change in Fund Balance	9,449,615	(9,149,578)
Beginning Fund Balance	48,551,766	58,001,380
Net Change in Fund Balance	9,449,615	(9,149,578)
Ending Fund Balance	58,001,381	48,851,802
Less: Carryforwards/Restricted		
Colleges/CS/DW Carryforwards, 5% Reserves	25,489,457	25,119,725
FHDA Stability Fund	32,511,924	23,732,077

Variance: +/- \$1-2 million subject to revenue fluctuations

*Foothill-De Anza Community College District
Multi-Year Projections For General Purpose Fund (Fund 114)*

8.28.17 Board Study Session

Resident FTES - Flat

	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted Budget	2018/19 Projection	2019/20 Projection
Resident FTES (F/T Equiv Student)	27,143	25,967	25,967	25,967	25,967
FTES Restoration	-0.77%	-4.33%	0.00%	0.00%	0.00%
COLA	1.02%	0.00%	1.56%	1.00%	1.00%
Revenues	187,829,528	181,873,380	188,986,093	192,159,324	195,364,724
Expenses	183,967,716	192,775,009	192,802,869	195,179,837	196,599,937
Net Transfers Out	7,385,424	5,841,654	6,555,241	6,555,241	6,555,241
Total Expenses and Net Transfers Out	191,353,140	198,616,663	199,358,110	201,735,078	203,155,178
Structural Surplus/(Deficit)	(3,523,612)	(16,743,283)	(10,372,017)	(9,575,754)	(7,790,454)
Planned Budget Reductions			(2,000,000)	(3,000,000)	(5,000,000)
Adjusted Structural Surplus/(Deficit)	(3,523,612)	(16,743,283)	(8,372,017)	(6,575,754)	(2,790,454)
One-Time Adjustments to Revenue	17,272,430	9,023,917	0	0	0
One-Time Adjustments to Expenditures	(4,299,203)	(1,430,213)	1,000,000	1,000,000	1,000,000
Net Change in Fund Balance	9,449,615	(9,149,578)	(7,372,017)	(5,575,754)	(1,790,454)
Beginning Fund Balance	48,551,766	58,001,380	48,851,802	41,479,785	35,904,031
Net Change in Fund Balance	9,449,615	(9,149,578)	(7,372,017)	(5,575,754)	(1,790,454)
Ending Fund Balance	58,001,381	48,851,802	41,479,785	35,904,031	34,113,577
Less: Carryforwards/Restricted					
Colleges/CS/DW Carryforwards, 5% Reserves	25,489,457	25,119,725	25,035,286	25,254,135	25,475,140
FHDA Stability Fund	32,511,924	23,732,077	16,444,499	10,649,896	8,638,437

Variance: +/- \$1-2 million subject to revenue fluctuations



De Anza FY16/17 "B" Budget Financial Statement

FY16/17 De Anza Unrestricted B Budget at 6/30/17

	Approved Budget	Current Budget	YTD Actual	Enc's	Reserves	Budget Avail	% Spent
Finance & College Ops	\$339,621	\$785,674	\$554,669	\$783	\$29,248	\$200,973	74%
Student Services	\$145,712	\$830,600	\$576,139	\$35,839	-	\$218,621	74%
AVP-Student Services	\$48,578	\$410,267	\$358,671	\$5,860	\$4,627	\$41,109	90%
Instruction	\$978,470	\$1,819,120	\$1,636,124	\$56,256	-	\$126,740	93%
College Wide	\$61,590	\$116,812	\$41,226	-	-	\$75,586	35%
Communications	\$188,688	\$428,027	\$360,650	\$6,070	-	\$61,307	86%
President	\$119,335	\$131,863	\$94,366	-	-	\$37,497	72%
	\$1,881,994	\$4,522,362	\$3,621,845	\$104,808	\$33,875	\$761,834	83%
Budget Adjustments (B<->A)							
Reassigned Time	\$400,000	\$504,734	\$504,734			-	100%
SLO/SAO Project	\$60,000	-				-	
Reclass/Backfill	\$46,000					-	
	\$506,000	\$504,734	\$504,734	-	-	-	100%
Total Budget	\$2,387,994	\$5,027,097	\$4,126,579	\$104,808	\$33,875	\$761,834	85%

FY16/17 Carryforward Analysis

	FY16/17 Actual	FY16/17 Estimate	Difference
Beginning Balance	\$5,400,000		
Less: Reserve	(\$1,500,000)		
Less: Restricted Revenue Funds	(\$91,927)		
Less: Accreditation Reserve	(\$38,134)		
Revised Beginning Balance	\$3,769,939	\$3,790,207	(\$20,268)
Additional Local Revenue	\$73,193	\$95,000	(\$21,807)
Salary Float/PAA/AAA/PG Backfill (net)	\$1,269,362	\$739,672	\$529,690
B Budget Augmentation	(\$1,866,247)	(\$1,903,000)	\$36,753
Financial Aid Allocation	\$97,766		\$97,766
Unused B Budget	\$641,698		\$641,698
Recruitment Costs	(\$38,800)	(\$70,000)	\$31,200
Misc Adjustments		\$50,000)	\$50,000
One Time Costs			-
SmartThinking		(\$30,000)	\$30,000
Mobile App Development		(\$25,500)	\$25,500
Live 25 Development		(\$70,000)	\$70,000
Graduation	(\$37,829)		(\$37,829)
Accreditation Reserve	(\$15,000)	(\$15,000)	-
Estimated Ending Balance:	\$3,894,082	\$2,461,379	\$1,432,703

Budget Reductions for De Anza College

De Anza College's reduction amount is 50% (\$5M) over 3 years

- \$1M in FY17/18 – identify by June 30, 2018 and implement by July 1, 2019
- \$1.5M in FY18/19 - identify by June 30, 2018 and implement by July 1, 2019
- \$2.5M in FY19/20 - (dependent on enrollment trends)

FY17/18 Plan

- No layoffs although vacant positions may not be filled
- Ending-fund balance will cover the FY17/18 \$1M pending identification & implementation of permanent cost reduction by July 1, 2019
- Shared governance process (PBTs) identify permanent ongoing reductions
- Identify cost-savings (e.g. software contracts)

Proposed Budget Reductions by Division

	Proposed Reduction %	FY17/18 &18/19	FY19/20	Total
President	1%	25,000	25,000	50,000
Communications	1%	25,000	25,000	50,000
VP Finance & College Operations	9%	225,000	225,000	450,000
VP Instruction	45%	1,125,000	1,125,000	2,250,000
VP Student Services	32%	800,000	800,000	1,600,000
AVP, Student Outreach Services	12%	<u>300,000</u>	<u>300,000</u>	<u>600,000</u>
		2,500,000	2,500,000	5,000,000

% of total General Fund budget at year-end close FY16/17

	"A" Budget		"B" Budget			Part-Time Faculty		Total		Percent of Total
	Budget	YTD Actual	Original Budget	Standard-ization*	YTD Actual	Budget	YTD Actual	Budget	YTD Actual	
President	815,853	815,853	131,863	-	94,366	-	-	947,716	910,219	1%
Less: Collective Bargain B/fill**	(343,800)	(343,800)	(12,528)	-	(12,528)	-	-	(356,327)	(356,327)	
Communications	929,252	929,252	302,453	125,574	360,650	-	-	1,357,279	1,289,902	2%
VP Finance & College Ops	3,559,895	3,559,895	466,935	318,739	554,669	-	-	4,345,569	4,114,564	5%
Collegewide	-1,264	-1,264	4,749,060	-	41,226	-10,382	-10,382	4,737,414	29,580	0%
Less: Carryforward Balance			(4,632,248)					(4,632,248)		
VP Instruction***	36,884,379	36,884,379	1,330,921	488,199	1,636,124	26,665,954	26,665,954	65,369,453	65,186,457	81%
VP Student Services	4,531,369	4,531,369	637,522	193,078	576,139	331,141	331,141	5,693,109	5,438,649	7%
AVP, Student Outreach Services	3,103,246	3,103,246	174,345	235,922	358,671	-	-	3,513,513	3,461,917	4%
<i>Total FY 2016-17</i>	<i>49,478,930</i>	<i>49,478,930</i>	<i>3,148,322</i>	<i>1,361,512</i>	<i>3,609,317</i>	<i>26,986,714</i>	<i>26,986,714</i>	<i>80,975,478</i>	<i>80,074,961</i>	<i>100%</i>

* Additional standardized and supplement "B" budget ** Collective bargaining backfill funded by District *** Includes \$500,000 for PDL backfill funded by campus

De Anza Carryforward Forecast

	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY18/19</u>
Beginning Balance	\$5,400,000	\$5,394,082	
Less: General Reserve	(\$1,500,000)	(\$1,500,000)	
Less: Financial Aid Allocation		(\$97,766)	
Less: Restricted Revenue Funds	(\$91,927)	(\$60,895)	
Less: Accreditation Reserve	(\$38,134)	(\$51,986)	
Revised Beginning Balance	<u>\$3,769,939</u>	<u>\$3,683,435</u>	<u>\$1,897,703</u>
Additional Local Revenue	\$73,193	\$70,000	\$70,000
Salary Float/PAA/AAA/PG Backfill (net)	\$1,556,822	\$1,200,000	\$1,100,000
Used Lapse	(\$309,830)		
New Positions (approved FY15/16 - 5.5 positions)/Existing position backfill	(\$151,733)	(\$151,733)	(\$151,733)
Proposed Positions (to be reviewed FY16/17-1 positions)		(\$61,000)	(\$61,000)
Additional ongoing B due to position reorgs	<u>\$174,103</u>	<u>\$145,000</u>	<u>\$145,000</u>
B Budget Augmentation	(\$1,866,247)	(\$1,300,000)	(\$1,300,000)
FY16/17 Additional B Budget Request		(\$603,000)	(\$603,000)
Difference of B Actuals vs Budget	<u>\$641,698</u>		
Additional Financial Aid Allocation	\$97,766		
Recruitment Costs	(\$38,800)	(\$70,000)	(\$70,000)
One Time Costs	(\$37,829)		
Mandatory Budget cuts		(\$1,000,000)	(\$2,500,000)
Accreditation Reserve	(\$15,000)	(\$15,000)	(\$15,000)
Estimated Ending Balance:	<u><u>\$3,894,082</u></u>	<u><u>\$1,897,703</u></u>	<u><u>(\$1,488,030)</u></u>

Proposed Timeline

October 26, 2017

College Council approves proposed allocation of budget reduction amounts

October 27, 2017 – April 6, 2018

PBTs charged with analyzing respective areas & identifying cuts totaling proposed amounts. Recommendation that PBTs do 3 year analysis. Cuts can be categorized in tiers e.g. year 1 (FY17/18) year 2 (FY18/19) and year 3 (FY19/20). PBTs submit recommendations to Finance Office for analysis & reconciliation by April 6, 2018.

April 24, 2018

Campus Budget reviews rough draft proposal and provides recommendations to College Council.

May 8, 2018

PBTs submit reconciled reduction plans to College Council for review and approval at May 10, 2018 meeting. If approved, College Council forwards reduction plan to Chancellor's Cabinet for review

May 25, 2018

Deadline to submit College Council approved budget reduction plan to Chancellor's Cabinet for review and approval

June 1-17, 2018

If necessary, De Anza uses this time to review and incorporate recommendations from Chancellor's Cabinet into reduction plan

June 18, 2018

Deadline to submit finalized budget reduction plan to Chancellor's Cabinet and placed on July 9, 2018 Board agenda

Questions?