



FOOTHILL-DE ANZA
Community College District

Board of Trustees Presentation



Foothill College



De Anza College

Budget Update Board of Trustees April 6, 2009

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FOOTHILL-DE ANZA
Community College District

Where We Were in March 2009

- The 09-10 Budget estimates were set at:
 - Revenue: \$185,049,909
 - Expense: \$191,731,770
 - Deficit caused by expenses exceeding revenue was \$ 6.7 million



Strategy To Solve the Deficit as Identified in March....

- **Reduce Operating Expenses by \$6.7 million as of July 1, 2009 through**
 - Suspending 10 full time faculty positions (about \$300,000)
 - Suspending 16 vacant classified and administrative positions (about \$1.5 million)
 - Reducing B budget by about \$1.2 million
 - Identifying an additional 50 filled classified and administrative positions to be eliminated as of July 2009, BUT, providing one time money to preserve positions to July 2010



Recent Changes to the March Forecast

- **Revenue: \$185,049,909**
 - A likely deficit factor for property taxes was recommended by the League, resulting in lowered revenue forecasts by about \$1.5 million
- **Expense: \$191,731,770**
 - Refined expense projections, particularly on filled positions, will increase expense by about \$1.0 million
 - These two factors will cause the operating deficit to increase from **\$6.7 million to \$9.2 million** for the 09-10 budget.
 - Proposed solution to this increase is to use \$2.5 million in one time funds to balance the 09-10 budget



The Big Unknown...

- Will the community college system revenue be reduced in 09-10?
 - We do not know, but the latest cautionary forecast from the Community College League of California warned that the System budget could be reduced by \$100-\$200 million next year
 - This could mean a further reduction in revenue to FHDA of \$3 - \$6 million



Probable Increases in Expenses in 2010-2011

Probable expense increases to FY 10-11 Budget:		
Assumes no increase in benefits	\$0	
Step and column increase	\$1,170,000	1%
Utility increases	\$200,000	5%
Additional retirees joining retiree benefit plan	\$240,000	20@ \$12,000 PEPY
PT Faculty equity	\$286,000	1%
Resume normal PDL level	\$700,000	from 85 to 141 qtrs
Resume normal SDL level	\$100,000	
Probable increase in expenses for 2010-2011	\$2,696,000	



Cumulative Totals for Two Year Budget

What is the two year cumulative effect of these forecasts?

For 09-10

Previously identified operating deficit	\$6,700,000
Revised increases to expenses	\$1,000,000
Probable increases to the 10-11 budget	\$2,696,000
Cumulative two year deficit before deficit factor on state revenue	\$10,396,000
Adding a deficit factor to revenue	\$1,500,000
Total cumulative two year deficit	\$11,896,000
 Additional possible reductions to FHDA revenue due to state cuts in 09-10	 \$3 - \$6 million



Projected Fund Balances 6/30/09 (Unrestricted)

Sources:

General Fund (Fund 14)

Unrestricted Funds:		(in millions)
De Anza	carryover	5.3
Foothill	carryover	2.2
Central Services	carryover	2.5
District Wide	carryover	1.6
	Total:	11.6

Planned Use in 2009-10:

Backfill 50 Positions and close additional operating deficit		
De Anza		2.0
Foothill		1.0
Central Services		1.5
Increase in operating expenses 09-10		1.0
Deficit Factor on revenue 09-10		1.5
	Total Planned Use:	7.0

Net: 4.6

Other Funds Available:

Internal Service Fund (Fund 61)

Unrestricted Fund Balance from Prior Years 7.0



Projected Fund Balance 06/30/09 (Restricted)

Projected Fund Balance 6/30/09		
General Fund (Fund 14)		
Restricted Funds:		(in millions)
District Reserves	5%	10.4
	Board Stability Funding	0.6
	EIS Backfill	1.3
	Total:	12.3
Internal Service Fund (Fund 61)		
Restricted Funds:	Self-Insured Reserves	2.0



Uncertainties/Risks to Projections

■ State:

- Potential additional cuts from further deterioration in State Budget.
- Potential additional cuts if some or all of the ballot propositions do not pass this Spring.

■ District:

- Challenge to restore 1400 FTES from Job Corps and Positive Attendance Courses.
 - Stability funding would buffer revenue loss for one year.
- Productivity harder to maintain in a “growth mode”
- Medical Benefit Plan Costs



Key Dates in Planning for 09/10 Budget

Major dates to remember:

- Budget Town Hall Meetings (March-April)
- Board meeting - April 6.
- State's Special Election - May 19
- FHDA Structural Budget Solutions - May 20
- Governor's "May/June" Revise (May 26 ~ June 8)
- Tentative Budget First Reading - June 1
- Tentative Budget adoption - June 15
- September 2009-Foothill-De Anza adopts final 2009-10 Budget



Good News

- The State protected community colleges during this recent round of reductions.
- There is a good legislative understanding of the role community colleges play in job training and the state's economic recovery.
- There is very strong enrollment at both colleges.
- There is adequate carryover to provide time to fully implement the reductions by June 2010.
- We have a dedicated district "community" of faculty, staff, administrators and board members working on resolving our funding challenges!