



Board of Trustees Meeting February 4, 2013

Budget Update

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Adopted Budget Fiscal Year 2012/13

	Best Case Scenario- Tax Package Passes	Worst Case Scenario- Tax Package Fails
Revenue	171,420,096	161,426,254
Expenses	(177,168,740)	(173,356,853)
Deficit	(5,748,645) *	(11,930,599)

* \$5.7M in cuts required to balance past years' state workload reductions and local enrollment declines

FY 2012/13 Budget

■ November Election

■ Prop 30 passed

- No new money for FHDA, but no additional cuts to 2012-13 state apportionment funding;

however,

- FHDA enrollment is down

FHDA Budget in FY 12/13

Key Components to Balance 12/13:

- Stability funds used in FY 12/13 as a *one-time* solution to offset our operating deficit of \$5.7M
- \$5.7M in permanent cuts identified to **close structural deficit and compliance with 50% law** -
Implementation 6/30/13
 - Notification of impacted employees January/February 2013
- \$3M in stability funds set aside for FY 13/14

Governor's 2013/14 Budget

Overall, the governor describes the budget as a "live within our means budget"

In General, for Community Colleges:

- Increased apportionment funding (3.6%, or approx. \$197M, in 13/14) proposed to be allocated **between** workload restoration, categorical program restoration, and COLA
- With additional funding, it is expected that institutions will implement reforms to improve student success and improve student completion rates
- Additional deferral buy-down (apportionment funds sent out to colleges on time)

Governor's 2013/14 Budget (con't.)

- No student fee increase
- Backfill to offset anticipated RDA/EPA (Prop 30) revenue shortfall
- Categorical Programs - details still emerging...
 - Adult Education/Apprenticeship
 - Energy Efficiency projects
 - Technology Funds
 - Cal Grants
 - Child Care

Policy Proposals

- Limit state-supported instruction in community colleges to 90 units
- Apportionment funding to community colleges to be based on course completion instead of the current census date enrollment; this shift would be phased in over several years to allow for adjustment
- Requirement that students seeking a BOG fee waiver fill out a Free Application for Federal Student Aid and include both parent *and* student income to determine waiver eligibility

Impact of Governor's Proposed Budget on FHDA

- No workload restoration likely (based on 12/13 P-1)
- COLA
- Possible categorical program restoration
- Deferral buy-down (simply less borrowing, if any)
- Policy proposals - impact on enrollment

FTES Budget vs. Projections and Impact on FHDA

Analysis Of FTES

	11/12 P-A	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza		17,720	-	17,720	2,423	20,143
Foothill		11,496	239	11,735	1,653	13,388
Total		29,216	239	29,455	4,076	33,531

Below funded base: (232.30) (62.92) (295.22)

	12-13 Budget--Post Prop 30	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza		17,720	0	17,720	2,423	20,143
Foothill		11,496	239	11,735	1,653	13,388
Total		29,216	239	29,455	4,076	33,531

	12/13 P-1	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza		17,721	-	17,721	2,431	20,152
Foothill		10,723	298	11,022	1,719	12,740
Total		28,445	298	28,743	4,150	32,893

Variance: FTES -712
% -2%
Potential lost funding in 13/14 -3,203,370

Impact of FHDA 12/13 Enrollment Projections

- Increase in funding proposed to restore workload reductions —for FHDA, no new apportionment funds (no workload restoration) in 2013/14 if enrollment is down
- Reduction to funding from 2012/13

2012-13 Funding assuming projected P-1		2013-14 Funding assuming projected P-1	
Budget	Actual	Budget	Actual
FTES/\$\$\$	FTES/\$\$\$	FTES/\$\$\$	FTES/\$\$\$
ongoing	one-time ongoing	ongoing	guaranteed
	712 FTES		???

FHDA Internal Impact

■ FHDA preparing second quarter report

- 12/13 ending fund balance projections

■ 2013/14 Budget Projections

- Estimated (as of January) increase to operating expenses in 13/14, \$1-2M
- Total potential deficit in 13/14 due to increasing expenses and enrollment decline \$3-5M (*est. as of January*)

Risks

■ Internal:

- Resident enrollment
- Non-resident enrollment
- Productivity
- Health benefit costs

■ External:

- RDA/EPA (Prop 30) funds shortfall
- Optimistic state revenue estimates
- California's continued economic growth and outcome of federal budget (fiscal cliff)

Critical Dates

- Tentative Budget to Board June 17, 2013
- Board of Trustees to adopt FHDA Budget at September Board of Trustees meeting with or without a final state budget

On the Brighter Side ...

- New buildings are on-line (PSEC and MLC)—new facilities attractive for students
- One-time funding is available (stability funds and B budget carryover)
- Measure C and categorical funds to help out in transition
- New programs/curriculums are available to schedule in 13/14
- Aggressive pursuit of new revenue sources (grants, rentals)