



# Board of Trustees Presentation



Foothill College



De Anza College

## 2014-2015 Adopted Budget September 8, 2014

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Kevin McElroy, Vice Chancellor, Business Services  
Hector Quinonez, Executive Director, Fiscal Services  
Joni Hayes, Director, Budget Operations



## Development of the 2014/15 Budget

The development of the 2014/15 budget was initiated in Winter 2014 with the following broad objectives:

- To maintain and improve student access, student retention, and all related student support services
- Preserve reserves sufficient to meet 2014/15 operating budget needs
- To maintain one-time funds for fiscal year 2015/16 in anticipation of the ongoing FHDA structural deficit and until FTES/apportionment stabilizes



## Review of June 30, 2014 Ending Balance

The June 30, 2014 ending balance of \$44,198,097 will be used in 2014/15 as follows:

- \$ 8,620,000 to maintain district's budgeted 5% reserves
- \$14,499,823 for colleges & Central Services designated "B" budget carryover
- \$ 2,304,809 for district-wide carryover (elections costs, negotiated contract items, EIS/ETS backfill, encumbrance carryforwards)
- \$ 2,000,000 for enrollment stimulus
- \$16,773,465 to be set aside as 2014/15 Stability Fund



## Plans for Use of Designated Funds and Stability Fund

- To offset a projected operating deficit of \$2.08 million and delay permanent reductions to operating expenses using one-time stability funds in fiscal year 2014/15
- To offset any apportionment or productivity shortfall that may arise due to factors such as decline in demand, etc., in fiscal year 2014/15
- To stimulate student enrollment and restore prior years' FTES decline (\$2 million)
- To set aside \$14.7 million in stability funds for 2015/16 in anticipation of operating cost increases and to close the structural budget deficit

**Summary of Net Change in  
Fund Balance and Carryover**

<b>Projected Revenue vs. Projected Expenses</b>	
<b>Beginning Balance, July 1, 2014</b>	<b>\$ 44,198,097</b>
Revenue	\$ 170,340,795
Expenses	(172,423,441)
Net Change in Fund Balance (Projected)	<b>\$ (2,082,646)</b>
<b>NET FUND BALANCE, June 30, 2015</b>	<b>\$ 42,115,451</b>

<b>Projected Ending Fund Balance as of June 30, 2015</b>	<b>\$ 42,115,451</b>
Less: "B" Budget Carryforward	
Foothill College	\$ 6,499,823
De Anza College	5,100,000
Central Services	2,900,000
<b>Subtotal</b>	<b>\$ 14,499,823</b>
Less: District-Wide "A" Restricted	\$ 2,304,809
<b>Subtotal</b>	<b>\$ 2,304,809</b>
<b>Total Carryforward</b>	<b>\$ 16,804,632</b>
Less: Funds Designated for Enrollment Stimulus/Restoration	\$ 2,000,000
Less: Adopted Budget Reserves @ 5% (Restricted)	\$ 8,620,000
<b>Remaining 2014/15 Stability Fund</b>	<b>\$ 14,690,819</b>



## Comparison of Assumptions from Tentative to Adopted Budget

### Tentative Budget Assumptions:

- Enrollment estimated at 31,632 FTES
- .85% COLA
- No growth/restoration budgeted for resident FTES; however,
- \$2 million projected for one-time stimulus funds to restore FTES
- 1% deficit factor applied to state apportionment
- \$1,500,000 budgeted for Unfunded Retiree Liability
- Mandated Cost Reimbursement = \$760,480
- No growth budgeted for non-resident FTES

### Adopted Budget Assumptions:

- Enrollment estimated at 31,942 FTES
- .85% COLA
- No growth/restoration budgeted for resident FTES; however,
- \$2 million has again been set aside as one-time stimulus funds to restore FTES
- 1% deficit factor applied to state apportionment
- \$1,500,000 budgeted for Unfunded Retiree Liability
- Mandated Cost Reimbursement = \$765,934
- No growth budgeted for non-resident FTES; due to volatility of the program, we will adjust increases to revenue, if there are any, as the funds materialize



# Where are we now for 14/15?

## Current Income vs. Current Expenses

Income	\$ 170,340,795
Expenses	<u>172,423,441</u>
2014/15 Net Deficit	\$ (2,082,646)
<u>Use of Stability Fund (one-time funds)</u>	<u>2,082,646</u>
Net Deficit After Use of One-Time Funds *	\$ 0

*\* This will reduce our available Stability Fund balance to \$14,690,819  
(this balance will be further reduced, contingent upon any negotiated salary adjustments)*



# Major Revenue Assumptions

## ■ State Revenues

- 0.85% COLA
- FTES estimates based on 2013/14 P-Annual
- No growth budgeted for non-resident FTES
- Deficit factor applied to state apportionment funds (1%)



## Major Variables Impacting Projections for Revenue and Expense

- Deficit factor due to state general fund revenue shortfall (property taxes), RDA shortfall, and/or Prop 30 EPA funding shortfall (1%, or \$1.4 million, budgeted)
- Reduction in district revenue due to potential decline in FTES
- Decrease in productivity to maximize FTES
- Restoration (possible increase to revenue of approximately \$470,000 for every 100 FTES restored)



# General Outlook for Fiscal Year 2014/15

Assuming that by June 30, 2015, the district still has a \$2 million ongoing structural deficit, plus operating expense increases of approximately \$1 million, the structural deficit will increase to approximately \$3 million for FY 2015/16.

2014/15 will continue to have challenges due to the following:

- A timeline to structurally balance the budget needs to be determined
- Enrollment uncertainty
- Guaranteed RDA/EPA backfill financing has been inconsistent
- Operating expenses outpacing new revenues



# Analysis of FTES

<b>12/13 P-A ReCalc</b>	<b>Resident Credit</b>	<b>Non-Credit</b>	<b>Total Apportionment</b>	<b>Non-Resident</b>	<b>Total</b>
De Anza	17,190	0	17,190	2,590	19,780
Foothill	10,362	219	10,581	1,762	12,344
<b>Total</b>	<b>27,553</b>	<b>219</b>	<b>27,772</b>	<b>4,353</b>	<b>32,124</b>

FTES Below Budget at P-A ReCal (Funded FTES) -1,683  
% -5.7%

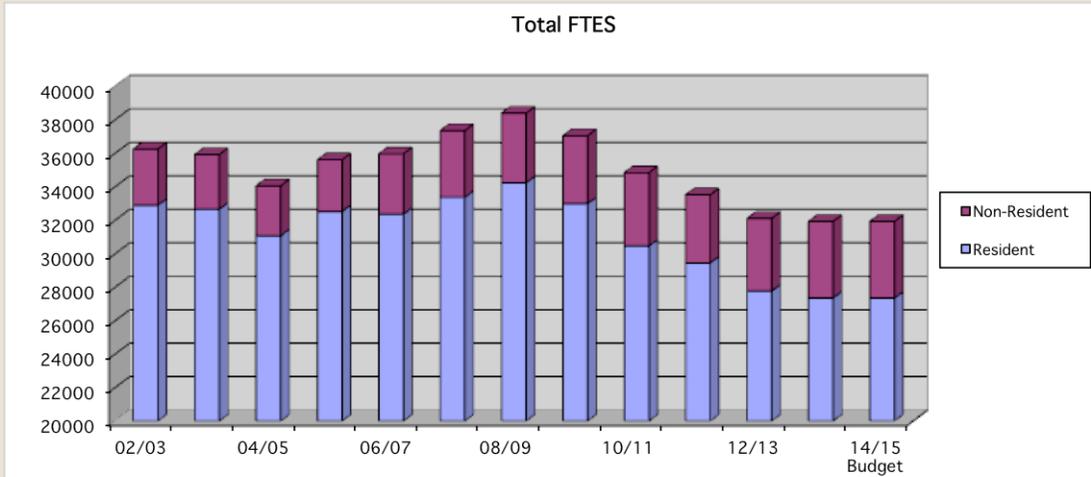
<b>13/14 P-Annual</b>	<b>Resident Credit</b>	<b>Non-Credit</b>	<b>Total Apportionment</b>	<b>Non-Resident</b>	<b>Total</b>
De Anza	16,827	0	16,827	2,672	19,499
Foothill	10,209	319	10,528	1,916	12,444
<b>Total</b>	<b>27,036</b>	<b>319</b>	<b>27,355</b>	<b>4,588</b>	<b>31,942</b>

FTES Below Budget at P-A (Funded FTES) -417  
% -1.5%

<b>14/15 Adopted Budget</b>	<b>Resident Credit</b>	<b>Non-Credit</b>	<b>Total Apportionment</b>	<b>Non-Resident</b>	<b>Total</b>
De Anza	16,827	0	16,827	2,672	19,499
Foothill	10,209	319	10,528	1,916	12,444
<b>Total</b>	<b>27,036</b>	<b>319</b>	<b>27,355</b>	<b>4,588</b>	<b>31,942</b>



# Foothill-De Anza Enrollment

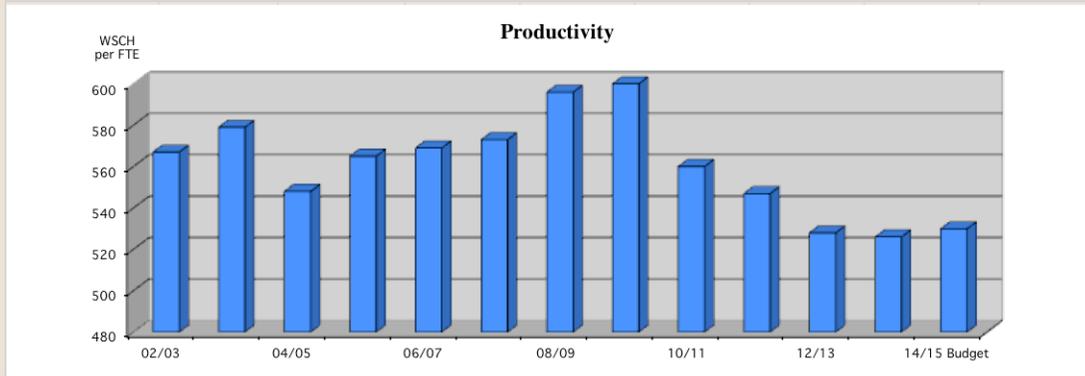




## FHDA 2014/15 Productivity

- FTES from on-campus and off-campus programs is budgeted at 31,942 FTES and productivity is budgeted at 530

# FHDA Productivity





## What We *Will* Achieve

- We will still serve at least 31,942 full-time equivalent students ...a SIGNIFICANT number of students served
- We will continue to provide the very best support services for students in spite of recent multi-year resource and staffing reductions
- We will continue to maintain a minimum 5% reserve along with additional one-time funds
- We will have a Stability Fund to close the 2014/15 operating deficit and beyond to allow for strategic planning of future reductions if necessary
- We will continue to aggressively work on enrollment management strategies to restore lost FTES