FOOTHILL-DE ANZA
Community College District

Board of Trustees Presentation


Foothill College


De Anza College

2015-2016 Adopted Budget

September 14, 2015

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

Development of the 2015/16 Budget

FOOTHILL-DE ANZA Community College District

The development of the 2015/16 budget was initiated in Winter 2015 with the following broad objectives:

- To maintain and improve student access, student retention, and all related student support services;
- To provide resources sufficient to meet 2015/16 operating budget needs; and
- To maintain a solid stability fund to offset increased operating costs and any revenue shortfalls from the state; to minimize the impact of the inevitable future state economic correction; and until enrollments/FTES stabilize

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Allocation of June 30, 2015 Ending Fund Balance

Beginning Fund Balance, July 1, 2015		**$ 48,551,766**
Less:	Designated 14/15 "B" Budget Carryforwards	$ (12,583,602)
	District-Wide 14/15 "A" Restricted Carryforwards	(2,058,794)
	Funds Designated for Enrollment Stimulus/Restoration	(2,000,000)
	Adopted Budget Reserves @ 5% (Restricted)	(8,950,000)
	Subtotal	**$ (25,592,395)**
Balance Available for 2015/16 Stability Fund		**$ 22,959,370**

Plans for Use of Designated Funds and Stability Fund

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- Stimulate student enrollment and restore past years' FTES decline
- Offset any apportionment or productivity shortfall that may arise due to factors such as decline in demand, etc., in fiscal year 2015/16
- Offset past years' budget cuts using college and Central Services carryover balances
- Set aside $22.9 million in stability funds for 2015/16 in anticipation of out-year operating cost increases and potential reductions in state revenue in the coming years due to the "sun-setting" of Prop 30 and state "economic corrections"

Comparison of Assumptions from Tentative to Adopted Budget

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Tentative Budget Assumptions:

- Enrollment estimated at 32,030 FTES
- 1.02% COLA
- No growth/restoration budgeted for resident FTES; however,
- $2 million projected for one-time stimulus funds to restore FTES
- Deficit factor not applied to state apportionment funds
- $2,000,000 budgeted for Other Post-Employment Benefits (OPEB) Liability
- Mandated Cost Reimbursement = $764,911

Adopted Budget Assumptions:

- Enrollment estimated at 32,158 FTES
- 1.02% COLA
- No growth/restoration budgeted for resident FTES; however,
- $2 million has again been set aside as <u>one</u>-<u>time</u> stimulus funds to restore FTES
- Deficit factor not applied to state apportionment funds
- $2,500,000 budgeted for Other Post-Employment Benefits (OPEB) Liability
- Mandated Cost Reimbursement = $764,911

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Comparison of Assumptions from Tentative to Adopted Budget (con't.)

Tentative Budget Assumptions:	Adopted Budget Assumptions:
Moderate growth budgeted for non-resident FTES	Moderate growth budgeted for non-resident FTES; due to potential volatility of the program, we will adjust increases to revenue as appropriate
$4,270,000 budgeted for ongoing increase to base allocation	$7,869,680 budgeted for ongoing increase to base allocation
$8,540,000 budgeted for one-time mandated backlog payment	$15,119,132 budgeted for one-time mandated backlog payment
	$350,000 budgeted for one-time costs to implement baccalaureate degree pilot program
2014/15 projected year-end fund balance budgeted at $45,505,283	2014/15 actual year-end fund balance is $48,551,766 due to GASB 34 adjustment which reduced classified salaries expense by $3,388,000

Major Variables Impacting Projections for Revenue and Expense

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- Potential deficit factor to 15/16 apportionment funding due to state general fund revenue shortfall (property taxes), RDA shortfall, and/or Prop 30 EPA funding shortfall
- Outcome of bargaining unit compensation negotiations
- Balance productivity to maximize FTES
- Restoration of past years' FTES decline (increase to revenue of approximately $460,000 for every 100 FTES restored)

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Where Are We Now for 2015/16?

Current Income vs. Current Expenses

Income	$ 197,882,152
Expenses	(179,095,186)
Revenues over Expenses	$ 18,786,966
Less One-Time Revenues:	
Mandated Cost Payment	$ 15,119,132
Baccal. Degree Start-Up	350,000
15/16 Structural Surplus	*$ 3,317,834*

General Outlook for Fiscal Year 2015/16

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2015/16 will continue to have challenges due to the following:

- Enrollment uncertainty
- Inconsistent guaranteed RDA/EPA backfill financing
- Prop 30 EPA funding to sunset in 2016 (sales tax) and 2018 (income tax increase on high-income earners)
- Flint Garage resolution
- Operating expenses outpacing new revenues

Analysis of FTES

Analysis of FTES

13/14 P-A ReCalc	Resident Credit	Non-Credit	Total Apportionment	Non-Resident	Total
De Anza	16,827	0	16,827	2,672	19,499
Foothill	10,288	326	10,615	1,919	12,533
Total	27,115	326	27,441	4,591	32,032

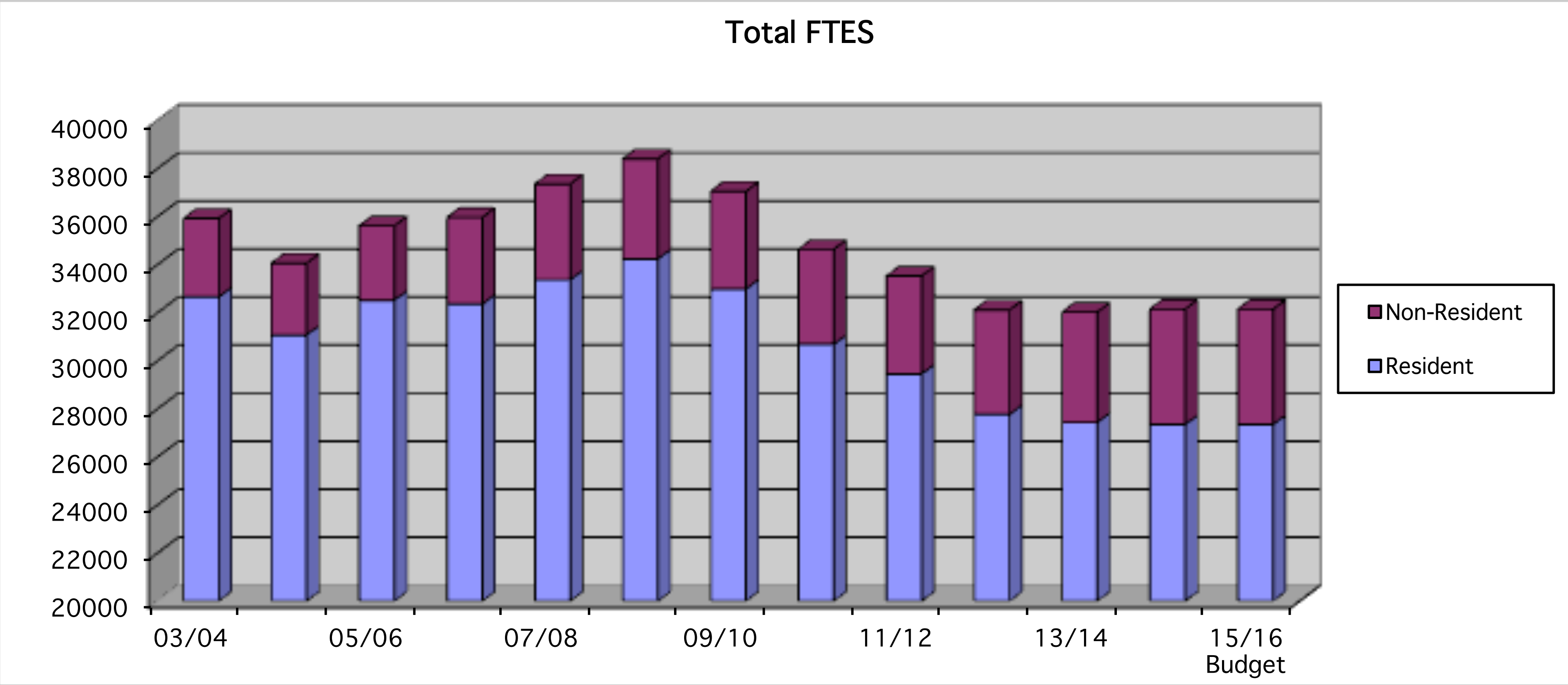
FTES Below Budget at P-A ReCalc (Funded FTES)	-330
%	-1.2%
Funding to be Lost in 14/15	($1,486,845)

14/15 P-Annual	Resident Credit	Non-Credit	Total Apportionment	Non-Resident	Total
De Anza	16,663	0	16,663	2,829	19,493
Foothill	10,335	354	10,690	1,975	12,665
Total	26,999	354	27,353	4,805	32,158

FTES Below Budget at P-A (Funded FTES)	-88
%	-0.32%
Potential Loss of Funding in 15/16	($397,440)

15/16 Adopted Budget	Resident Credit	Non-Credit	Total Apportionment	Non-Resident	Total
De Anza	16,663	0	16,663	2,829	19,493
Foothill	10,335	354	10,690	1,975	12,665
Total	26,999	354	27,353	4,805	32,158

Foothill-De Anza Enrollment



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Objectives and Priorities

- Serve at least 32,158 full-time equivalent students
- Continue to provide the very best instructional programs and support services for students in spite of recent multi-year resource and staffing reductions, and with the infusion of the new categorical student success resources
- Continue to aggressively work on enrollment management strategies to maximize FTES
- Maintain a minimum 5% reserve
- Stability Fund to absorb future funding reductions, which will enable the district to strategically plan to balance revenues to expenditures as required