

 **FOOTHILL-DE ANZA**
Community College District

Board of Trustees Presentation

 Foothill College

 De Anza College

2017-18 Adopted Budget August 28, 2017

Kevin McElroy, Vice Chancellor, Business Services
Raquel Puentes-Griffith, Executive Director, Fiscal Services
Joni Hayes, Director, Budget Operations

 **FOOTHILL-DE ANZA**
Community College District

Budget Strategy / Objective

- To support District Master/Strategic Plan and maintain fiscal viability
- This budget contains the initial steps to balance necessary expenditures with available resources
- In accordance with Title 5, Section 58301, the governing board is required to hold a public hearing on the adoption of the 2017-18 proposed budget of the District for the year ending June 30, 2018. The board will be asked to officially adopt the budget at its meeting on September 11, 2017.



Overview

- Review 2016-17 Ending Fund Balance
- 2017-18 Assumptions for Adopted Budget
- Projected 2017-18 Ending Fund Balance
- Productivity and Full-time Equivalent Student (FTES) Trends
- Fiscal Outlook



Allocation of 2016-17 Ending Fund Balance

2016-17 Fund Balance Allocation	\$ 48.8M
<input type="checkbox"/> Colleges & Central Services B budget carryover	\$ 12.3M
<input type="checkbox"/> District-wide carryover (negotiated contract items, EIS/ETS backfill and encumbrance carryforwards)	\$ 2.8M
<input type="checkbox"/> Maintain district's budgeted 5% reserve	\$ 10.0M
<input type="checkbox"/> Stability Fund	\$ 23.7M



2017-18 Major Revenue Assumptions

- Apportionment reduction from 2016-17 FTES decline **\$(6.0)M ***
- Base apportionment increase \$ 4.2M
- 1.56% COLA for FHDA \$ 2.2M
- Decline in non-resident FTES \$ 250K

** 1,176 Resident FTES loss – significant decrease to ongoing base revenue*



Variables Impacting Revenue and Expense Projections

- Continuing FTES decline
 - Ongoing revenue reduction
 - Time limitation to restore FTES
- Productivity decrease
 - Balancing higher one-time costs with attempt to maximize FTES
- Strategy to manage the current structural budget deficit
- Fund Balance Decline

 Changes from Tentative to Adopted Budget	
Tentative Budget Revenue	\$190.2M
Non-resident FTES Decline	(250K)
STRS on-behalf	(700K)
Other Local revenue adjustments	<u>(350K)</u>
2017-18 Adopted Budget Revenue	\$188.9M
Tentative Budget Expenses	\$202.5M
Net Transfers Out (DSPS, OPEB, Debt Service)	(200K)
STRS on-behalf	(700K)
Other	<u>(2.3M)</u>
2017-18 Adopted Budget Expenses and Net Transfers	\$199.3M

 2017-18 Projected Ongoing Revenues vs. Expenses	
2017-18 Ongoing Revenue (Apportionment, Lottery, Nonresident, etc.)	\$ 188.9M
Total Ongoing Expenses (Salaries/Benefits, Supplies/Operating, etc.)	\$ 192.8M
Net Transfers Out (DSPS, OPEB and Debt Service)	\$ <u>6.5M</u>
Projected 2017-18 Ongoing Structural Deficit	\$ (10.4M)*
<i>*Covered by one-time allocation from Stability Fund</i>	

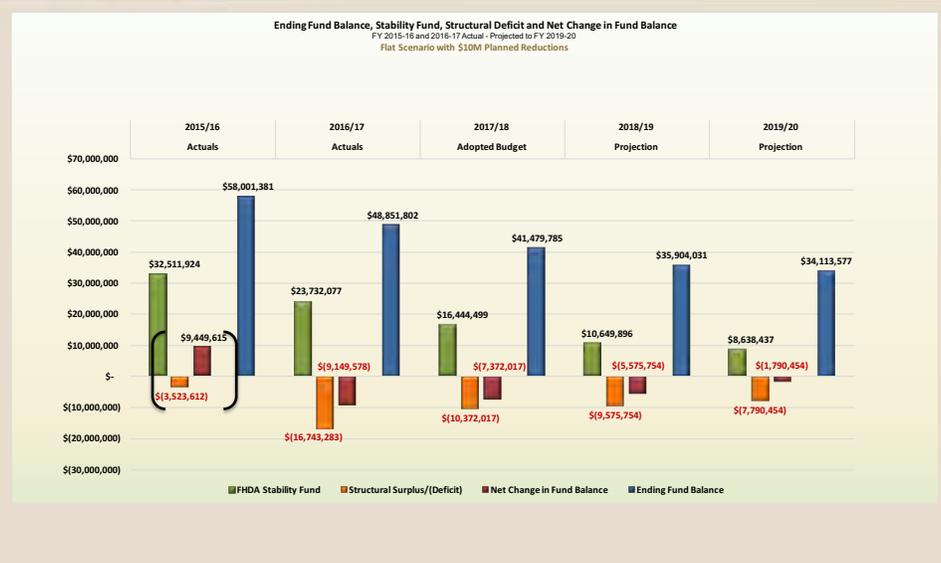


2017-18 Projected Ending Fund Balance

Beginning Fund Balance July 1, 2017	\$ 48.8M
Plus: Revenue	188.9M
Less: Expenses	192.8M
Less: Transfers Out	<u>6.5M</u>
Projected Structural Deficit	\$(10.4M)
Plus: One-Time District-wide savings	<u>1.0M</u>
Net Change - Projected Fund Balance	\$ (9.4M)
Projected Ending Fund Balance at June 30, 2018	\$ 39.4M
Fund Balance Allocation:	
College & Central Services Carryforwards	\$ 12.3M
District-wide Carryforwards	2.8M
Required 5% Budgeted Reserve	<u>9.9M</u>
Projected Stability Fund at June 30, 2018	\$ 14.4M

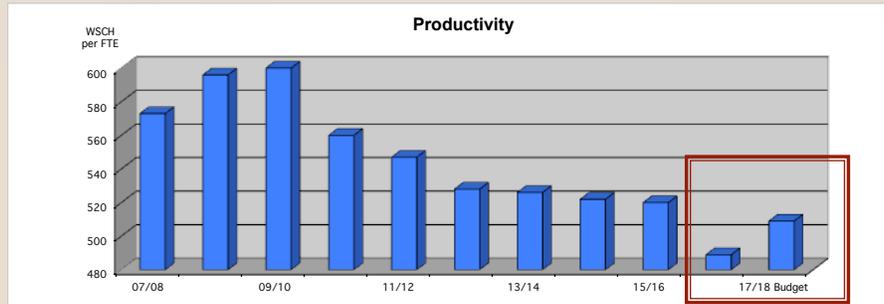


Ending Fund Balance Budget vs. Actual





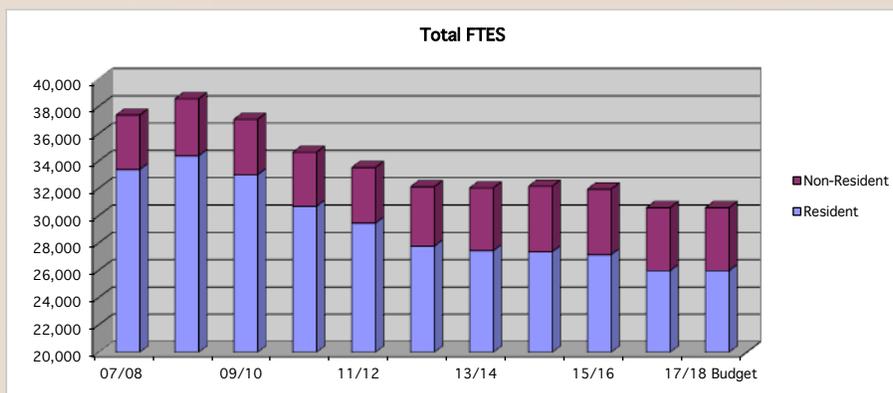
Historical and Current Productivity

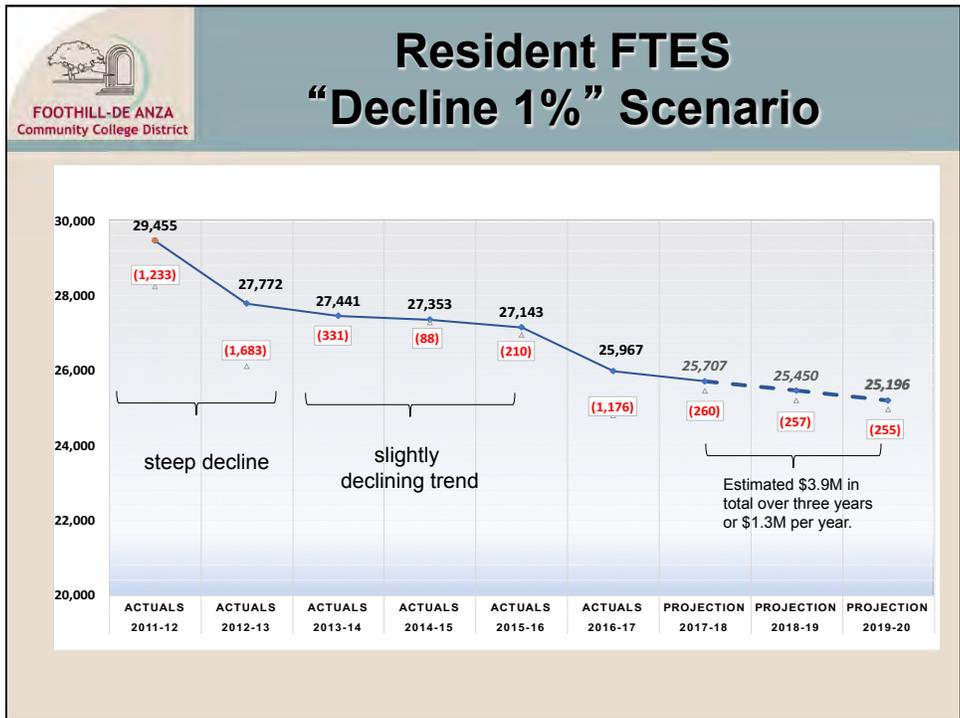
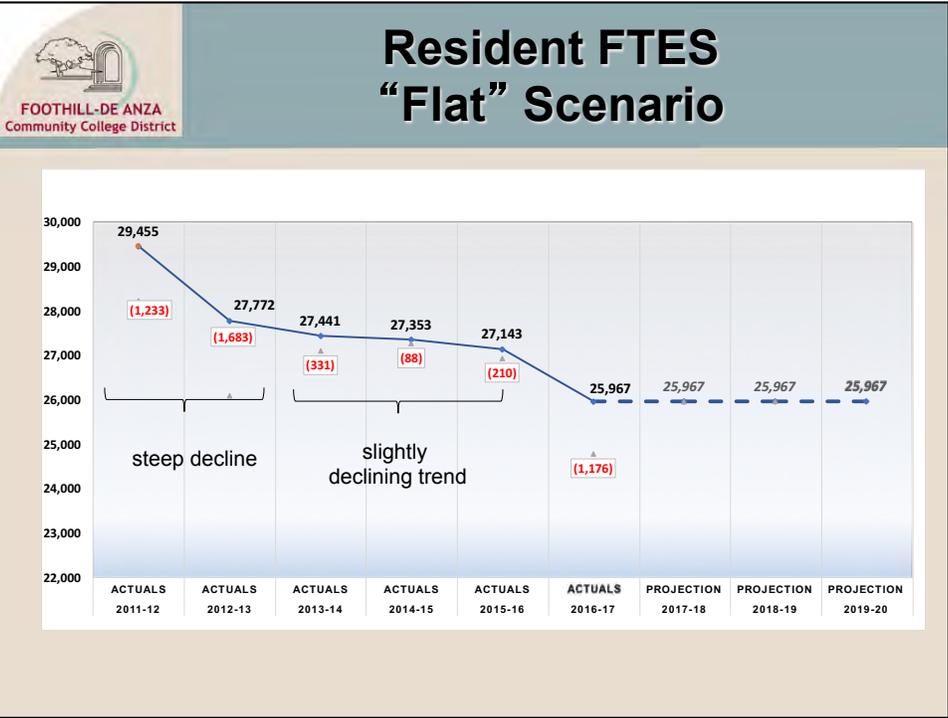


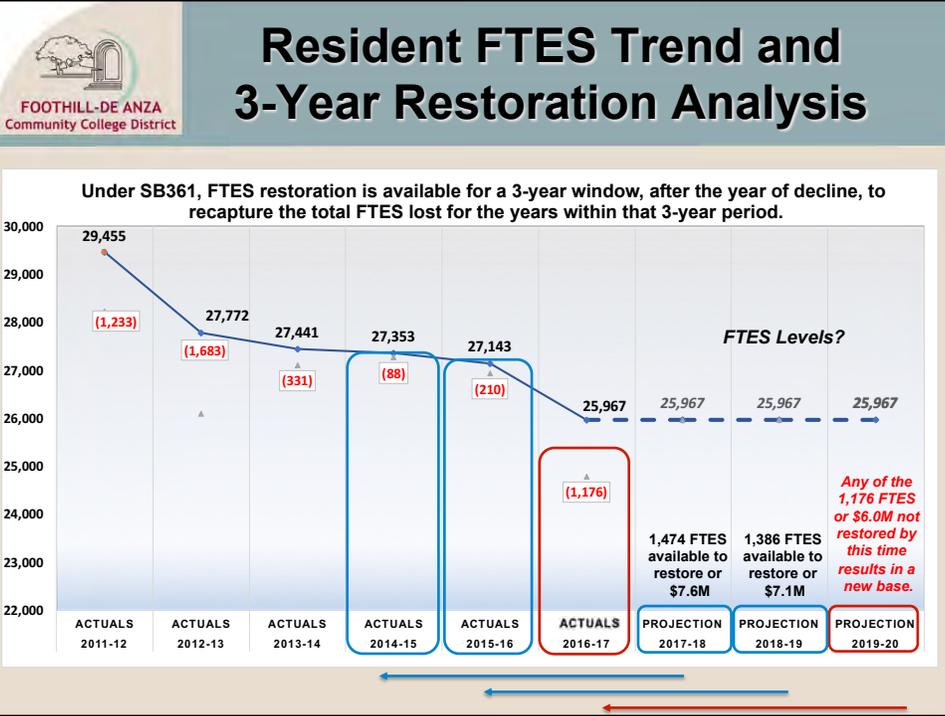
- ❑ Defined by FTES generated from courses offered
- ❑ 2017-18 Projected Productivity – 509
- ❑ Decrease after 2009-10 is primarily due to mid-year cuts, workload reduction and repeatability.



Historical and Current Resident/Non-Resident Enrollment







- ## Fiscal Outlook / Risk Factors
- Enrollment uncertainty
 - Operating expenses outpacing new revenues
 - STRS/PERS increased employer contributions
 - Unfunded state mandates
 - Managing Structural Deficit-Strategy