



2017/18 Budget Presentation College Council  
Susan Cheu  
Vice President, Finance & College Operations  
October 26, 2017

# Agenda

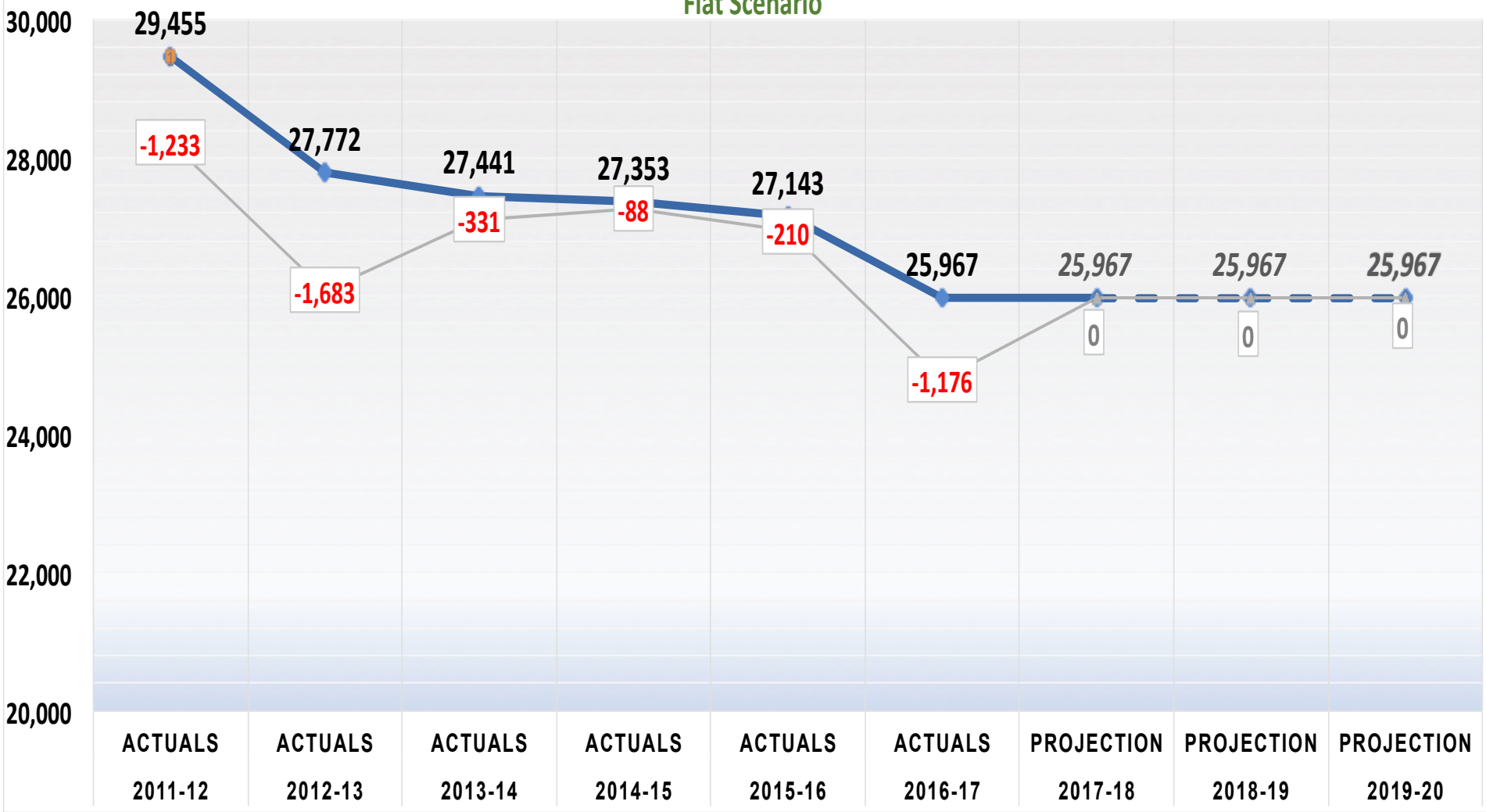
- Districtwide Financial Situation
  - Enrollment Update
  - FY16/17 “Final” Financial Information
  - Structural Deficit
- Board Approved Budget Reductions
- Campus Financial Update
- Proposed Distribution of De Anza’s Reductions
- Timeline for Identifying & Implementing Cuts

# Background

- Ongoing declining enrollment means less revenue for General Fund
- General Fund comprises majority of funding for Instruction, Student Services and Finance & College Operations
- The Board of Trustees, concerned about ongoing structural deficit, requested district take action to reduce costs
- August 2017, Board of Trustees approved \$10M districtwide budget reduction target. District has 3 years to implement plans

# Enrollment Decline-Flat Scenario

FTES Analysis  
 Flat Scenario



Foothill-De Anza Community College District  
Multi-Year Projections For General Purpose Fund (Fund 114)

**8.28.17 Board Study Session**

*Resident FTES - Flat*

	2015/16 Actuals	2016/17 Actuals
Resident FTES (F/T Equiv Student)	27,143	25,967
FTES Restoration	-0.77%	-4.33%
COLA	1.02%	0.00%
<b>Revenues</b>	<b>187,829,528</b>	<b>181,873,380</b>
<b>Expenses</b>	<b>183,967,716</b>	<b>192,775,009</b>
<b>Net Transfers Out</b>	<b>7,385,424</b>	<b>5,841,654</b>
<b>Total Expenses and Net Transfers Out</b>	<b>191,353,140</b>	<b>198,616,663</b>
<b>Structural Surplus/(Deficit)</b>	<b>(3,523,612)</b>	<b>(16,743,283)</b>
<b>Planned Budget Reductions</b>		
<b>Adjusted Structural Surplus/(Deficit)</b>	<b>(3,523,612)</b>	<b>(16,743,283)</b>
<b>One-Time Adjustments to Revenue</b>	<b>17,272,430</b>	<b>9,023,917</b>
<b>One-Time Adjustments to Expenditures</b>	<b>(4,299,203)</b>	<b>(1,430,213)</b>
<b>Net Change in Fund Balance</b>	<b>9,449,615</b>	<b>(9,149,578)</b>
<b>Beginning Fund Balance</b>	<b>48,551,766</b>	<b>58,001,380</b>
<b>Net Change in Fund Balance</b>	<b>9,449,615</b>	<b>(9,149,578)</b>
<b>Ending Fund Balance</b>	<b>58,001,381</b>	<b>48,851,802</b>
<b>Less: Carryforwards/Restricted</b>		
Colleges/CS/DW Carryforwards, 5% Reserves	25,489,457	25,119,725
<b>FHDA Stability Fund</b>	<b>32,511,924</b>	<b>23,732,077</b>

Variance: +/- \$1-2 million subject to revenue fluctuations

*Foothill-De Anza Community College District  
Multi-Year Projections For General Purpose Fund (Fund 114)*

**8.28.17 Board Study Session**

*Resident FTES - Flat*

	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted Budget	2018/19 Projection	2019/20 Projection
Resident FTES (F/T Equiv Student)	27,143	25,967	25,967	25,967	25,967
FTES Restoration	-0.77%	-4.33%	0.00%	0.00%	0.00%
COLA	1.02%	0.00%	1.56%	1.00%	1.00%
<b>Revenues</b>	<b>187,829,528</b>	<b>181,873,380</b>	<b>188,986,093</b>	<b>192,159,324</b>	<b>195,364,724</b>
<b>Expenses</b>	<b>183,967,716</b>	<b>192,775,009</b>	<b>192,802,869</b>	<b>195,179,837</b>	<b>196,599,937</b>
<b>Net Transfers Out</b>	<b>7,385,424</b>	<b>5,841,654</b>	<b>6,555,241</b>	<b>6,555,241</b>	<b>6,555,241</b>
<b>Total Expenses and Net Transfers Out</b>	<b>191,353,140</b>	<b>198,616,663</b>	<b>199,358,110</b>	<b>201,735,078</b>	<b>203,155,178</b>
<b>Structural Surplus/(Deficit)</b>	<b>(3,523,612)</b>	<b>(16,743,283)</b>	<b>(10,372,017)</b>	<b>(9,575,754)</b>	<b>(7,790,454)</b>
<b>Planned Budget Reductions</b>			<b>(2,000,000)</b>	<b>(3,000,000)</b>	<b>(5,000,000)</b>
<b>Adjusted Structural Surplus/(Deficit)</b>	<b>(3,523,612)</b>	<b>(16,743,283)</b>	<b>(8,372,017)</b>	<b>(6,575,754)</b>	<b>(2,790,454)</b>
<b>One-Time Adjustments to Revenue</b>	<b>17,272,430</b>	<b>9,023,917</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>One-Time Adjustments to Expenditures</b>	<b>(4,299,203)</b>	<b>(1,430,213)</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Net Change in Fund Balance</b>	<b>9,449,615</b>	<b>(9,149,578)</b>	<b>(7,372,017)</b>	<b>(5,575,754)</b>	<b>(1,790,454)</b>
<b>Beginning Fund Balance</b>	<b>48,551,766</b>	<b>58,001,380</b>	<b>48,851,802</b>	<b>41,479,785</b>	<b>35,904,031</b>
<b>Net Change in Fund Balance</b>	<b>9,449,615</b>	<b>(9,149,578)</b>	<b>(7,372,017)</b>	<b>(5,575,754)</b>	<b>(1,790,454)</b>
<b>Ending Fund Balance</b>	<b>58,001,381</b>	<b>48,851,802</b>	<b>41,479,785</b>	<b>35,904,031</b>	<b>34,113,577</b>
<b>Less: Carryforwards/Restricted</b>					
Colleges/CS/DW Carryforwards, 5% Reserves	25,489,457	25,119,725	25,035,286	25,254,135	25,475,140
<b>FHDA Stability Fund</b>	<b>32,511,924</b>	<b>23,732,077</b>	<b>16,444,499</b>	<b>10,649,896</b>	<b>8,638,437</b>

Variance: +/- \$1-2 million subject to revenue fluctuations



# De Anza FY16/17 "B" Budget Financial Statement

## FY16/17 De Anza Unrestricted B Budget at 6/30/17

	Approved Budget	Current Budget	YTD Actual	Enc's	Reserves	Budget Avail	% Spent
Finance & College Ops	\$339,621	\$785,674	\$554,669	\$783	\$29,248	\$200,973	74%
Student Services	\$145,712	\$830,600	\$576,139	\$35,839	-	\$218,621	74%
AVP-Student Services	\$48,578	\$410,267	\$358,671	\$5,860	\$4,627	\$41,109	90%
Instruction	\$978,470	\$1,819,120	\$1,636,124	\$56,256	-	\$126,740	93%
College Wide	\$61,590	\$116,812	\$41,226	-	-	\$75,586	35%
Communications	\$188,688	\$428,027	\$360,650	\$6,070	-	\$61,307	86%
President	\$119,335	\$131,863	\$94,366	-	-	\$37,497	72%
	<b>\$1,881,994</b>	<b>\$4,522,362</b>	<b>\$3,621,845</b>	<b>\$104,808</b>	<b>\$33,875</b>	<b>\$761,834</b>	<b>83%</b>
Budget Adjustments (B<->A)							
Reassigned Time	\$400,000	\$504,734	\$504,734			-	100%
SLO/SAO Project	\$60,000	-				-	
Reclass/Backfill	\$46,000					-	
	<b>\$506,000</b>	<b>\$504,734</b>	<b>\$504,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>
<b>Total Budget</b>	<b>\$2,387,994</b>	<b>\$5,027,097</b>	<b>\$4,126,579</b>	<b>\$104,808</b>	<b>\$33,875</b>	<b>\$761,834</b>	<b>85%</b>

# FY16/17 Carryforward Analysis

	FY16/17 Actual	FY16/17 Estimate	Difference
Beginning Balance	\$5,400,000		
Less: Reserve	( \$1,500,000)		
Less: Restricted Revenue Funds	(\$91,927)		
Less: Accreditation Reserve	(\$38,134)		
Revised Beginning Balance	\$3,769,939	\$3,790,207	(\$20,268)
Additional Local Revenue	\$73,193	\$95,000	(\$21,807)
Salary Float/PAA/AAA/PG Backfill (net)	\$1,269,362	\$739,672	\$529,690
B Budget Augmentation	(\$1,866,247)	(\$1,903,000)	\$36,753
Financial Aid Allocation	\$97,766		\$97,766
Unused B Budget	\$641,698		\$641,698
Recruitment Costs	(\$38,800)	(\$70,000)	\$31,200
Misc Adjustments		\$50,000)	\$50,000
One Time Costs			-
SmartThinking		(\$30,000)	\$30,000
Mobile App Development		(\$25,500)	\$25,500
Live 25 Development		(\$70,000)	\$70,000
Graduation	(\$37,829)		(\$37,829)
Accreditation Reserve	(\$15,000)	(\$15,000)	-
<b>Estimated Ending Balance:</b>	<b>\$3,894,082</b>	<b>\$2,461,379</b>	<b>\$1,432,703</b>



# Budget Reductions for De Anza College

De Anza College's reduction amount is 50% (\$5M) over 3 years

- \$1M in FY17/18 – identify by June 30, 2018 and implement by July 1, 2019
- \$1.5M in FY18/19 - identify by June 30, 2018 and implement by July 1, 2019
- \$2.5M in FY19/20 - (dependent on enrollment trends)

## FY17/18 Plan

- No layoffs although vacant positions may not be filled
- Ending-fund balance will cover the FY17/18 \$1M pending identification & implementation of permanent cost reduction by July 1, 2019
- Shared governance process (PBTs) identify permanent ongoing reductions
- Identify cost-savings (e.g. software contracts)

# Proposed Budget Reductions by Division

	Proposed Reduction %	FY17/18 &18/19	FY19/20	Total
President	1%	25,000	25,000	50,000
Communications	1%	25,000	25,000	50,000
VP Finance & College Operations	9%	225,000	225,000	450,000
VP Instruction	45%	1,125,000	1,125,000	2,250,000
VP Student Services	32%	800,000	800,000	1,600,000
AVP, Student Outreach Services	12%	<u>300,000</u>	<u>300,000</u>	<u>600,000</u>
		2,500,000	2,500,000	5,000,000

## % of total General Fund budget at year-end close FY16/17

	"A" Budget		"B" Budget			Part-Time Faculty		Total		Percent of Total
	Budget	YTD Actual	Original Budget	Standard-ization*	YTD Actual	Budget	YTD Actual	Budget	YTD Actual	
President	815,853	815,853	131,863	-	94,366	-	-	947,716	910,219	1%
Less: Collective Bargain B/fill**	(343,800)	(343,800)	(12,528)	-	(12,528)	-	-	(356,327)	(356,327)	
Communications	929,252	929,252	302,453	125,574	360,650	-	-	1,357,279	1,289,902	2%
VP Finance & College Ops	3,559,895	3,559,895	466,935	318,739	554,669	-	-	4,345,569	4,114,564	5%
Collegewide	-1,264	-1,264	4,749,060	-	41,226	-10,382	-10,382	4,737,414	29,580	0%
Less: Carryforward Balance			(4,632,248)					(4,632,248)		
VP Instruction***	36,884,379	36,884,379	1,330,921	488,199	1,636,124	26,665,954	26,665,954	65,369,453	65,186,457	81%
VP Student Services	4,531,369	4,531,369	637,522	193,078	576,139	331,141	331,141	5,693,109	5,438,649	7%
AVP, Student Outreach Services	3,103,246	3,103,246	174,345	235,922	358,671	-	-	3,513,513	3,461,917	4%
<i>Total FY 2016-17</i>	<i>49,478,930</i>	<i>49,478,930</i>	<i>3,148,322</i>	<i>1,361,512</i>	<i>3,609,317</i>	<i>26,986,714</i>	<i>26,986,714</i>	<i>80,975,478</i>	<i>80,074,961</i>	<i>100%</i>

\* Additional standardized and supplement "B" budget    \*\* Collective bargaining backfill funded by District    \*\*\* Includes \$500,000 for PDL backfill funded by campus

# De Anza Carryforward Forecast

	<u>FY16/17</u>	<u>FY17/18</u>	<u>FY18/19</u>
Beginning Balance	\$5,400,000	\$5,394,082	
Less: General Reserve	(\$1,500,000)	(\$1,500,000)	
Less: Financial Aid Allocation		(\$97,766)	
Less: Restricted Revenue Funds	(\$91,927)	(\$60,895)	
Less: Accreditation Reserve	(\$38,134)	(\$51,986)	
Revised Beginning Balance	<u>\$3,769,939</u>	<u>\$3,683,435</u>	<u>\$1,897,703</u>
Additional Local Revenue	\$73,193	\$70,000	\$70,000
Salary Float/PAA/AAA/PG Backfill (net)	\$1,556,822	\$1,200,000	\$1,100,000
Used Lapse	(\$309,830)		
New Positions (approved FY15/16 - 5.5 positions)/Existing position backfill	(\$151,733)	(\$151,733)	(\$151,733)
Proposed Positions (to be reviewed FY16/17-1 positions)		(\$61,000)	(\$61,000)
Additional ongoing B due to position reorgs	\$174,103	\$145,000	\$145,000
B Budget Augmentation	(\$1,866,247)	(\$1,300,000)	(\$1,300,000)
FY16/17 Additional B Budget Request		(\$603,000)	(\$603,000)
Difference of B Actuals vs Budget	<u>\$641,698</u>		
Additional Financial Aid Allocation	\$97,766		
Recruitment Costs	(\$38,800)	(\$70,000)	(\$70,000)
One Time Costs	(\$37,829)		
Mandatory Budget cuts		(\$1,000,000)	(\$2,500,000)
Accreditation Reserve	(\$15,000)	(\$15,000)	(\$15,000)
Estimated Ending Balance:	<u><u>\$3,894,082</u></u>	<u><u>\$1,897,703</u></u>	<u><u>(\$1,488,030)</u></u>

# Proposed Timeline

## **October 26, 2017**

College Council approves proposed allocation of budget reduction amounts

## **October 27, 2017 – April 6, 2018**

PBTs charged with analyzing respective areas & identifying cuts totaling proposed amounts. Recommendation that PBTs do 3 year analysis. Cuts can be categorized in tiers e.g. year 1 (FY17/18) year 2 (FY18/19) and year 3 (FY19/20). PBTs submit recommendations to Finance Office for analysis & reconciliation by April 6, 2018.

## **May 8, 2018**

PBTs submit reconciled reduction plans to College Council for review and approval at May 10, 2018 meeting. If approved, College Council forwards reduction plan to Chancellor's Cabinet for review

## **May 25, 2018**

Deadline to submit College Council approved budget reduction plan to Chancellor's Cabinet for review and approval

## **June 1-17, 2018**

If necessary, De Anza uses this time to review and incorporate recommendations from Chancellor's Cabinet into reduction plan

## **June 18, 2018**

Deadline to submit finalized budget reduction plan to Chancellor's Cabinet and placed on July 9, 2018 Board agenda

Questions?